

FINDINGS OF THE GRAHAM
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
SENATE WIND, LLC



November 16, 2010

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OF THE
GRAHAM INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
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NOVEMBER 16, 2010

Board Findings of the Graham Independent School District

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DISTRICT BOARD OF TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
SENATE WIND, LLC.

STATE OF TEXAS

§

COUNTY OF YOUNG

§

On the 16th day of November, 2010, a public meeting of the Board of Trustees of the Graham Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of the Senate Wind, LLC (Senate Wind) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Graham Independent School District makes the following findings with respect to the application of Senate Wind, and the economic impact of that application:

On April 30, 2010, the Superintendent of Schools of the Graham Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received a completed Application from Senate Wind for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, Senate Wind, LLC (Texas Taxpayer Id. 32038287523) is an entity subject to Chapter 171, Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

The Board of Trustees has acknowledged receipt of the Application, along with the requisite application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

Board Findings of the Graham Independent School District

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d).

A copy of the Application was delivered to the Young County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on September 15, 2010. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Graham Independent School District. A copy of a report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment E**.

The Board of Trustees has confirmed that the taxable value of property in the Graham Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment F**.

After receipt of the Application, the District entered into negotiations with Senate Wind, over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. This form of the Agreement has been submitted to the Comptroller's Office pursuant to 34 Tex. Admin. Code § 9.1055 (c)(1) and on October 18, 2010, the Comptroller's Office notified the District that this Agreement complies with the provisions of the Tax Code, Chapter 313, and 34 TAC Chapter 9, Subchapter F. The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

There is a relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.

In support of Finding 1, the economic impact evaluation states:

The Texas Economic Development Plan does not mention renewable energy specifically. However, one theme of the plan is attracting and fostering industries in Texas using advanced technology. Renewable energy technology is an expanding industry and the skilled workers that the project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

Board Finding Number 2.

The economic condition of Young County, Texas, is in need of long-term improvement.

Based on information provided by the Comptroller's Office, Young County is the 127th largest county in the state in terms of population. Population growth in Young County lags behind the state average. The state population grew by 2.0 percent between 2008 and 2009, while the population of Young County decreased by 1.0 percent over the same period.

July 2010 employment growth for Young County was stagnant from July 2009, while the state total employment increases 1.2 percent during the same period. The unemployment rate in Young County was 6.3 percent in July 2010, lower than the current state average of 8.2 percent.

Young County continues to have a somewhat higher per capita personal income than the state as a whole. In terms of per capita income, Young County's \$39,423 in 2008 ranked thirtieth among the 254 counties in Texas, while the Texas average was \$37,809 for the same period. These data are more than two years old and the recession that has occurred during

Board Findings of the Graham Independent School District

that period would be expected to slow the growth in personal income in Young County and throughout the state.

In the fourth quarter of 2009, taxable sales totaled \$42.32 million in Young County. This figure reflects a 17.9 percent decrease from the same year earlier quarter and is consistent with the general trend in taxable sales across the state.

Young County will benefit from economic activity like that associated with the Senate Wind project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$50,000 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. Senate Wind indicates that total employment will be approximately one (1) new qualifying job.

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create one new job in Graham when fully operational as part of the larger Senate Wind project. That job will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (IWC), the regional manufacturing wage for the NORTEX Regional Planning Commission Region, where Young County is located was \$36,982 in 2008. The average manufacturing wage for Young County was \$54,665 during 2009. During that same time period, the county annual average wage for all industries was \$37,206. In addition to an annual average salary of \$50,000, each qualifying position will receive benefits such as medical insurance, life insurance, 401k plan and paid sick and vacation.

Board Finding Number 4.

The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$38 million on the basis of the goal of one (1) new qualifying position for the entire Senate Wind project located in Graham ISD.

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$38 million, resulting in a relative level of investment per qualifying job of \$38 million.

Board Finding Number 5.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.

The Senate Wind project applying to Graham ISD under Chapter 313 is part of a larger project encompassing two school districts in Young and Jack counties. Senate Wind has also applied for a value limitation agreement with Bryson ISD. For the purposes of assessing the economic impact of the project to Texas, the Comptroller's Office used data for the entire project (7 jobs with annual salaries of \$50,000 per job). Table 1 depicts the estimated economic impact to Texas of the Senate Wind project. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Board Findings of the Graham Independent School District

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Senate Wind

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	50	69	119	\$1,768,000	\$5,232,000	\$7,000,000
2012	7	12	19	\$350,000	\$1,850,000	\$2,200,000
2013	7	16	23	\$350,000	\$2,450,000	\$2,800,000
2014	7	16	23	\$350,000	\$2,350,000	\$2,700,000
2015	7	16	23	\$350,000	\$2,450,000	\$2,800,000
2016	7	16	23	\$350,000	\$2,550,000	\$2,900,000
2017	7	12	19	\$350,000	\$2,550,000	\$2,900,000
2018	7	15	22	\$350,000	\$2,450,000	\$2,800,000
2019	7	12	19	\$350,000	\$2,850,000	\$3,200,000
2020	7	16	23	\$350,000	\$2,750,000	\$3,100,000
2021	7	14	21	\$350,000	\$2,850,000	\$3,200,000
2022	7	11	18	\$350,000	\$2,850,000	\$3,200,000
2023	7	11	18	\$350,000	\$3,050,000	\$3,400,000
2024	7	9	16	\$350,000	\$2,850,000	\$3,200,000
2025	7	14	21	\$350,000	\$3,350,000	\$3,700,000

Source: CPA, REMI, Senate Wind

. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-10. During that same year, Graham ISD's estimated wealth per WADA was \$201,905. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Young County with the value limitation being granted, using estimated market value from Senate Wind's application. Table 3 illustrates the estimated tax impact of the project on the region if all taxes are assessed.

Board Findings of the Graham Independent School District

Table 2.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Graham ISD I&S Levy	Graham ISD M&O Levy	Graham ISD M&O and I&S Tax Levies (Before Credit Credited)	Graham ISD M&O and I&S Tax Levies (After Credit Credited)	Young County	School & County Property Taxes
			Tax Rate ¹	0.3105	1.0400			0.6033	
2010	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
2011	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
2012	\$38,000,000	\$38,000,000		\$117,990	\$395,200	\$513,190	\$513,190	\$229,253	\$742,443
2013	\$35,910,000	\$10,000,000		\$111,501	\$104,000	\$215,501	\$215,501	\$216,644	\$432,145
2014	\$33,934,950	\$10,000,000		\$105,368	\$104,000	\$209,368	\$167,768	\$204,729	\$372,497
2015	\$32,068,528	\$10,000,000		\$99,573	\$104,000	\$203,573	\$161,973	\$193,468	\$355,441
2016	\$30,304,759	\$10,000,000		\$94,096	\$104,000	\$198,096	\$156,496	\$182,828	\$339,324
2017	\$28,637,997	\$10,000,000		\$88,921	\$104,000	\$192,921	\$151,321	\$172,772	\$324,093
2018	\$27,062,907	\$10,000,000		\$84,030	\$104,000	\$188,030	\$146,430	\$163,270	\$309,700
2019	\$25,574,447	\$10,000,000		\$79,409	\$104,000	\$183,409	\$141,809	\$154,290	\$296,099
2020	\$24,167,853	\$10,000,000		\$75,041	\$104,000	\$179,041	\$137,441	\$145,804	\$283,245
2021	\$22,838,621	\$22,838,621		\$70,914	\$237,522	\$308,436	\$308,436	\$137,785	\$446,220
2022	\$21,582,497	\$21,582,497		\$67,014	\$224,458	\$291,472	\$291,472	\$130,207	\$421,678
2023	\$20,395,459	\$20,395,459		\$63,328	\$212,113	\$275,441	\$275,441	\$123,045	\$398,486
2024	\$19,273,709	\$19,273,709		\$59,845	\$200,447	\$260,291	\$260,291	\$116,278	\$376,569
2025	\$18,213,655	\$18,213,655		\$56,553	\$189,422	\$245,975	\$245,975	\$109,882	\$355,858
						Total	\$3,173,543	\$2,280,254	\$5,453,797
Assumes School Value Limitation									

Source: CPA, Senate Wind

¹Tax Rate per \$100 Valuation

Table 3.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Graham ISD I&S Levy	Graham ISD M&O Levy		Graham ISD M&O and I&S Tax Levies	Young County	School & County Property Taxes
			Tax Rate ¹	0.3105	1.0400			0.6033	
2010	\$0	\$0		\$0	\$0		\$0	\$0	\$0
2011	\$0	\$0		\$0	\$0		\$0	\$0	\$0
2012	\$38,000,000	\$38,000,000		\$117,990	\$395,200		\$513,190	\$229,253	\$742,443
2013	\$35,910,000	\$35,910,000		\$111,501	\$373,464		\$484,965	\$216,644	\$701,609
2014	\$33,934,950	\$33,934,950		\$105,368	\$352,923		\$458,291	\$204,729	\$663,020
2015	\$32,068,528	\$32,068,528		\$99,573	\$333,513		\$433,085	\$193,468	\$626,554
2016	\$30,304,759	\$30,304,759		\$94,096	\$315,169		\$409,266	\$182,828	\$592,093
2017	\$28,637,997	\$28,637,997		\$88,921	\$297,835		\$386,756	\$172,772	\$559,528
2018	\$27,062,907	\$27,062,907		\$84,030	\$281,454		\$365,485	\$163,270	\$528,754
2019	\$25,574,447	\$25,574,447		\$79,409	\$265,974		\$345,383	\$154,290	\$499,673
2020	\$24,167,853	\$24,167,853		\$75,041	\$251,346		\$326,387	\$145,804	\$472,191
2021	\$22,838,621	\$22,838,621		\$70,914	\$237,522		\$308,436	\$137,785	\$446,220
2022	\$21,582,497	\$21,582,497		\$67,014	\$224,458		\$291,472	\$130,207	\$421,678
2023	\$20,395,459	\$20,395,459		\$63,328	\$212,113		\$275,441	\$123,045	\$398,486
2024	\$19,273,709	\$19,273,709		\$59,845	\$200,447		\$260,291	\$116,278	\$376,569
2025	\$18,213,655	\$18,213,655		\$56,553	\$189,422		\$245,975	\$109,882	\$355,858
						Total	\$5,104,422	\$2,280,254	\$7,384,676

Source: CPA, Senate Wind

¹Tax Rate per \$100 Valuation

Board Finding Number 6.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$38 million to the tax base for debt service purposes at the peak investment level for the 2010-11 school year. The Senate Wind project remains fully taxable for debt services taxes, with BISD currently levying a \$0.3105 I&S rate. The value of the Senate Wind project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA that is currently below what is provided for through the state's facilities program. The additional value may help reduce the District's current I&S tax rate with any rate reduction diminishing as the project value depreciates.

Board Finding Number 7.

The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the Senate Wind project.

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the Senate Wind project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Graham ISD as stated in **Attachment D**.

Board Finding Number 8.

The ability of the applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

Board Findings of the Graham Independent School District

In support of Finding 8, the economic impact evaluation states:

According to Senate Wind's application, "Gamesa Energy USD, the parent of Senate Wind, LLC, develops, constructs, and operates wind farms in different countries around the world. The company has the ability to locate or relocate in another state, region of Texas, or another region of the world."

Board Finding Number 9.

During the past two years, four projects in the NORTEX Regional Planning Commission Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 10.

The Board of Trustees hired consultants to review and verify the information in the Application from Senate Wind. Based upon the consultants' review, the Board has determined that the information provided by the Applicant is true and correct.

Board Finding Number 11.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Ten Million Dollars, which is consistent with the minimum values currently set out by Tax Code, §§ 313.022(b).

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2009 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2009 industrial value for Graham ISD is \$68.94 million. Graham ISD is categorized as a Subchapter C school district, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Given that the value of industrial property in Graham ISD exceeds \$1 million but is less than \$90 million, it is classified as a Category III district which can offer a minimum value limitation of \$10 million.

Board Findings of the Graham Independent School District

Board Finding Number 12.

The Applicant (Taxpayer Id. 32038287523) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 13.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in each year the value limitation is in effect without the proposed Agreement, with significant loss in the first year. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Additional revenue protection measures are also in place for the duration of the Agreement.

Board Finding Number 14.

Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

It is therefore ORDERED that the Agreement attached hereto as Attachment G is approved and hereby authorized to be executed and delivered by and on behalf of the Graham Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the Graham Independent School District.

Board Findings of the Graham Independent School District

Dated the 16th day of November 2010.

GRAHAM INDEPENDENT SCHOOL DISTRICT

By: Peggy Sonnenberg
Peggy Sonnenberg, President Board of Trustees

ATTEST:

By: Meredith Lucas
Meredith Lucas, Secretary Board of Trustees

Attachment A

Application

APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY (Tax Code, Chapter 313, Subchapter B or C)

School district name GRAHAM ISD		Date application filed with district (To be filed in by school district) 4/30/2010	
Address 400 THIRD STREET, GRAHAM, TX 76450		Phone (area code and number) (940) 549-0595	
<p>This form applies to property that meets the requirements of Tax Code Chapter 313. This completed application must be filed with the school district. If the governing body decides to consider this application, the school district must immediately forward three copies of the application to the Comptroller of Public Accounts and request that the Comptroller provide an economic impact evaluation of the application to the school district. The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in Texas Administrative Code Rule 9.1054, to provide information required by the application form that was unavailable prior to the filing date. The school district must forward the supplemental or amended information to the comptroller and the appraisal district. The school board shall approve or disapprove this application before the 121st day from the application filing date, unless an extension is granted.</p>			
Step 1: Applicant name and address	Only entities to which Tax Code Chapter 171 applies are eligible for appraised value limitations on qualified property.		
	Applicant name: SENATE WIND, LLC		
	Mailing address: 9600 Great Hills Trail, Suite 330W		
	Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits): 32038287523	City, State: AUSTIN, TX	ZIP code + 4: 78759-0000
	Name of person preparing this application: D. DALE CUMMINGS		Title: AGENT
	Phone (area code and number): (713) 266-4456		
Step 2: Describe the property.	(A) Attach the following items to this application:		
	<ol style="list-style-type: none"> 1. A specific description of all property for which you are requesting an appraised value limitation as defined by Tax Code §313.021(2). Include a description of the land, describe each proposed improvement, and each proposed item of personal property for which you are seeking a limitation. Include each existing appraisal district account number and the legal description of the land, attach a detailed map showing the actual or proposed location of the land and proposed improvements and showing the actual or proposed boundaries and size of the reinvestment zone or enterprise zone in which the property will be located. Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone (if applicable). 2. A fully detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. 3. A map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. 		
	(B) Answer the following questions:		
	<ol style="list-style-type: none"> 1. What is the first tax year of your proposed qualifying time period (as defined by Tax Code §313.021(4))? 2011 2. What is the amount of qualified investment, as defined by Tax Code §313.021(1), that will be made during the 2-year qualifying time period? \$ 38,000,000 3. What is the amount of appraised value limitation for which you are applying? . \$ 10,000,000 		
<p>NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the school district's property value. For assistance in determining these minimums, access the comptroller's Web site at http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.</p>			

Step 3: Answer these questions about property and job qualifications.	1. Do you propose to construct a new building or to erect or affix a new improvement after the date you submit this application?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	2. Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the qualifying time period, and for the duration of the appraised value limitation?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	3. Is the land on which you propose new construction or improvement currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	3(a) If you answered "no" to the question above, are you seeking an agreement with a taxing unit that, prior to the first day of the qualifying time period, will result in a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvement?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	Date of anticipated agreement? _____		
	4. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	5. On the land and in connection with the new building or other improvement, do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	6. Will at least 80 percent of all the new jobs created by the property owner be qualifying jobs as defined by Tax Code §313.021(3)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	6(a) If you answered "yes" to the question above, attach documentation from the Texas Workforce Commission that the new qualifying jobs meet the requirements of Tax Code §313.021(3)(E) or 313.051(b).		
	7. Do you intend to request that the governing body waive the minimum jobs creation requirement, as provided under Tax Code §313.025(f-1)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
7(a) If you answered "yes" to the question above, attach evidence documenting that the job creation requirement (5) above exceeds the number of employees necessary for the operation, according to industry standards.			
8. Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time			
a) in or on the new building or other new improvement for which you are applying for an appraised value limitation, or			
b) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement, and is the personal property on the same parcel of land as the building for which you are applying for an appraised value limitation?			
["First placed in service" means the first use of the property by the taxpayer.]			
9. The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities as defined by Tax Code §313.024(b):			
• manufacturing;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
• research and development	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
• a clean coal project;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
• an advanced clean energy project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
• renewable energy electric generation;	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
• electric power generation using integrated gasification combined cycle technology; or.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
• nuclear electric power generation	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
10. Are you an entity to which Tax Code, Chapter 171 applies?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	

Step 4: Answer these questions about investment, property value and employment.	<ol style="list-style-type: none"> Will the investment in real or personal property you propose to be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property described above? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A Will you own the property or lease the property under a capitalized lease? If leased, attach a copy of the lease agreement. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Are you including property that is owned by a person other than the applicant and that is pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Step 5: Economic Impact	<p>Please answer the following questions.</p> <ol style="list-style-type: none"> Applicant's 6-digit North American Industry Classification System (NAICS) code: <u>221,119</u> Is Schedule A completed for all years and attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is Schedule B completed for all years and attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Is Schedule C completed for all years and attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Total number of new jobs that will have been created when fully operational: <u>1</u> Total number of new jobs identified in (5) above that will have wages greater than 110 percent of the county average weekly wage for manufacturing jobs*: <u>1</u> Total number of new jobs identified in (5) above that will meet all the criteria for "qualifying jobs" as specified in Tax Code §313.021(3): <u>1</u> Describe each type of benefits to be offered to qualifying jobholders. Explain. <u>In addition to annual salary, each qualified position will receive medical insurance that pays at least 80% of employee only coverage and life insurance plans. Also included is a 401k plan, paid sick leave, and vacation.</u> (a) Will the jobs created offer at least 80 percent of the premiums or other charges assessed for employee-only coverage under the group health benefit plan for qualifying jobholders? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Describe the ability of your company to locate or relocate in another state or another region of the state. <u>SEE ATTACHMENT F</u> Describe the current economic condition of the region of the state where the property is located. <u>SEE ATTACHMENT F</u> <p>*Applicants to rural school districts that are not located in an SIA [see §313.051(a)(2)] must meet the regional wage standard described in 313.051(b).</p>

<p>Step 6: Applicant sign and date application.</p>	<p>By signing this application, you certify that this information is true and correct to the best of your knowledge and belief. Also by signing this application, you agree to respond promptly to all information requests made by the comptroller under Tax Code §313.032 and to send updated contact information to the comptroller throughout the agreement period.</p>
<p>print here</p>	<p><u>SENATE WIND CORP</u> <u>SECRETARY</u> <i>Name of authorized company officer</i> <i>Title</i></p>
<p>sign here</p>	<p><u>[Signature]</u> <u>9/28/10</u> <i>Signature of authorized company officer</i> <i>Date</i></p>
<p>On behalf of</p>	<p><u>Senate Wind LLC</u> <i>Name of corporation/company</i></p>
<p>If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code §37.10.</p>	
<p>Step 7: School district official sign and date application.</p>	<p>By signing below, I affirm that I have been delegated the authority by the school district governing body to act on its behalf with regard to this application for a limitation on appraised value.</p>
<p>print here</p>	<p><u>REAGAN BEAU REYN</u> <u>Supt.</u> <i>Name of authorized school district official</i> <i>Title</i></p>
<p>sign here</p>	<p><u>[Signature]</u> <u>5/3/20</u> <i>Signature of authorized school district official</i> <i>Date</i></p>
<p>On behalf of</p>	<p><u>Graham ISD</u> <i>Name of school district</i></p>

SCHEDULE A: INVESTMENT

PROPERTY INVESTMENT AMOUNTS (\$)						
(Estimated investment in each year. Do not put cumulative totals.)						
	Year	Column A: Tangible Personal Property: the amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B—Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
	pre-year 1'	0				
	Qualifying time period	1 \$ 38,000,000	\$ -	\$ 38,000,000	\$ -	\$ 38,000,000.00
		2 \$ -	\$ -	\$ -	\$ -	\$ -
		3 \$ -	\$ -		\$ -	\$ -
		4 \$ -	\$ -		\$ -	\$ -
		5 \$ -	\$ -		\$ -	\$ -
		6 \$ -	\$ -		\$ -	\$ -
		7 \$ -	\$ -		\$ -	\$ -
		8 \$ -	\$ -		\$ -	\$ -
		9 \$ -	\$ -		\$ -	\$ -
		10 \$ -	\$ -		\$ -	\$ -
		11 \$ -	\$ -		\$ -	\$ -
		12 \$ -	\$ -		\$ -	\$ -
		13 \$ -	\$ -		\$ -	\$ -
Tax Credit Period (with 50% cap on credit)	Value Limitation Period					
Credit Settle-Up Period	Continue to Maintain Viable Presence					

"Pre-Year 1" is the time period after the applicant has applied to the district and before January 1 of the first tax year of the qualifying time period. Qualifying Time Period is the first two tax years beginning after the date of the approval of the application (the agreement).

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment- as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property]. Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or non-removable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value.

The most significant example for many projects would be land. Others may choose to include items such as professional services, etc.

Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

This schedule must be submitted with the original application, any agreement addendum, any reporting of replacement property, and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SCHEDULE B: ESTIMATED MARKET AND TAXABLE VALUE

All figures here are to be cumulative									
			Qualified Property			Reductions from market value (exemptions, etc)			Estimated Taxable Value
		Year	Column A: Estimated Market Value of Land	Column B: Estimated Total Market Value of new buildings or improvements	Column C: Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	D: Due to pollution control property (estimated or actual as appropriate)	E: Due to other exemptions	F: Estimated total taxable value for 1&S: (A+B+C)-(D+E)	G: Estimated total taxable value for M&O: (Column F amount with the limitation value in years 3-10)
		pre- year 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Qualifying time period	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		2	\$ -	\$ -	\$ 38,000,000	\$ -	\$ -	\$ 38,000,000	\$ 38,000,000
		3	\$ -	\$ -	\$ 35,910,000	\$ -	\$ -	\$ 35,910,000	\$ 10,000,000
		4	\$ -	\$ -	\$ 33,934,950	\$ -	\$ -	\$ 33,934,950	\$ 10,000,000
		5	\$ -	\$ -	\$ 32,068,528	\$ -	\$ -	\$ 32,068,528	\$ 10,000,000
		6	\$ -	\$ -	\$ 30,304,759	\$ -	\$ -	\$ 30,304,759	\$ 10,000,000
		7	\$ -	\$ -	\$ 28,637,997	\$ -	\$ -	\$ 28,637,997	\$ 10,000,000
		8	\$ -	\$ -	\$ 27,062,907	\$ -	\$ -	\$ 27,062,907	\$ 10,000,000
		9	\$ -	\$ -	\$ 25,574,447	\$ -	\$ -	\$ 25,574,447	\$ 10,000,000
		10	\$ -	\$ -	\$ 24,167,853	\$ -	\$ -	\$ 24,167,853	\$ 10,000,000
		11	\$ -	\$ -	\$ 22,838,621	\$ -	\$ -	\$ 22,838,621	\$ 22,838,621
		12	\$ -	\$ -	\$ 21,582,497	\$ -	\$ -	\$ 21,582,497	\$ 21,582,497
		13	\$ -	\$ -	\$ 20,395,459	\$ -	\$ -	\$ 20,395,459	\$ 20,395,459
Tax Credit Period (with 50% cap on credit)	Value Limitation Period								
Credit Settle-Up Period	Continue to Maintain Viable Presence								

This schedule must be submitted with the original application, any agreement addendum, any reporting of replacement property, and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SCHEDULE C: EMPLOYMENT INFORMATION

	Year	Construction Number of Construction FTE's or man- hours (specify)	Average wage rates for construction workers	Permanent New Jobs Total number of permanent full- time new jobs created by the applicant	Average wage rate for all permanent new jobs for each year	Qualifying Jobs Total number of permanent new qualifying jobs with wages greater than 110% of the county average weekly manufacturing wage*	Total number of permanent qualifying jobs meeting all criteria of Sec. 313.021(3)	Existing Jobs Number of permanent existing jobs prior to application
	pre- year 1							
	1	8 FTE	\$ 35,360	0				0
	2			1	\$ 50,000	1	1	0
	3			1	\$ 50,000	1	1	0
	4			1	\$ 50,000	1	1	0
	5			1	\$ 50,000	1	1	0
	6			1	\$ 50,000	1	1	0
	7			1	\$ 50,000	1	1	0
	8			1	\$ 50,000	1	1	0
	9			1	\$ 50,000	1	1	0
	10			1	\$ 50,000	1	1	0
	11			1	\$ 50,000	1	1	0
	12			1	\$ 50,000	1	1	0
	13			1	\$ 50,000	1	1	0
Tax Credit Period (with 50% cap on credit)	Qualifying time period							
	Value Limitation Period							
Credit Settle-Up Period	Continue to Maintain Viable Presence							

This schedule must be submitted with the original application, any agreement addendum, any reporting of replacement property, and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual employment data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

* Applicants to rural school districts that are not located in an SIA [see §313.051(a)(2)] must meet the regional wage standard described in 313.051(b).

SCHEDULE A-3676 (Temporary - July 2009): INVESTMENT & TAXES

PROPERTY INVESTMENT AMOUNTS (\$)											TAX INFORMATION			
(Estimated investment in each year. Do not put cumulative totals.)											Sales Taxable Expenditures			Franchise Tax
	Year	Tax Year (fill in actual tax year below)	Column A: Tangible Personal Property: the amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B—Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant				
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing application with district (neither qualified property nor eligible to become qualified investment)	2010												
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	\$ 38,000,000	\$ -	\$ 38,000,000	\$ -	\$ 38,000,000	\$1,552,653	\$ 35,447,347	\$30,130				
		2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
		3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
		4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
		5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
		6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
		7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
		8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
		9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
		10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
		11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
		12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
		13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
		14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
		15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$30,130				
Credit Settle-Up Period	Continue to Maintain Viable Presence													
Post-Settle-Up Period														
Post-Settle-Up Period														

Qualifying Time Period usually begins with the approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E). For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value. The most significant example for many projects would be land. Other examples may be items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

* For planning, construction and operation of the facility.

Note: Information related to taxes in Columns F through H, for the year preceding the first complete year of the qualifying time period, need not be broken out by the time periods used for the requested investment information in Columns A through E. Note: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 15, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school districts or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

SCHEDULE B-3676 (Temporary - July 2009): ESTIMATED MARKET AND TAXABLE VALUE

				Qualified Property			Reductions from market value (exemptions, etc)			Estimated Taxable Value	
			Year	Tax Year (fill in actual tax year)	Column A: Estimated Market Value of Land	Column B: Estimated Total Market Value of new buildings or other new improvements	Column C: Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	D: Due to pollution control property (estimated or actual as appropriate)	E: Due to other exemptions	F: Estimated total taxable value for I&S: (A+B+C)-(D+E)	G: Estimated total taxable value for M&C: (Column F amount with the limitation value in years 3-10)
			pre-year 1	2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			1	2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			2	2012	\$ -	\$ -	\$ 38,000,000	\$ -	\$ -	\$ 38,000,000	\$ 38,000,000
			3	2013	\$ -	\$ -	\$ 35,910,000	\$ -	\$ -	\$ 35,910,000	\$ 10,000,000
			4	2014	\$ -	\$ -	\$ 33,934,950	\$ -	\$ -	\$ 33,934,950	\$ 10,000,000
			5	2015	\$ -	\$ -	\$ 32,068,528	\$ -	\$ -	\$ 32,068,528	\$ 10,000,000
			6	2016	\$ -	\$ -	\$ 30,304,759	\$ -	\$ -	\$ 30,304,759	\$ 10,000,000
			7	2017	\$ -	\$ -	\$ 28,637,997	\$ -	\$ -	\$ 28,637,997	\$ 10,000,000
			8	2018	\$ -	\$ -	\$ 27,062,907	\$ -	\$ -	\$ 27,062,907	\$ 10,000,000
			9	2019	\$ -	\$ -	\$ 25,574,447	\$ -	\$ -	\$ 25,574,447	\$ 10,000,000
			10	2020	\$ -	\$ -	\$ 24,167,853	\$ -	\$ -	\$ 24,167,853	\$ 10,000,000
			11	2021	\$ -	\$ -	\$ 22,838,621	\$ -	\$ -	\$ 22,838,621	\$ 22,838,621
			12	2022	\$ -	\$ -	\$ 21,582,497	\$ -	\$ -	\$ 21,582,497	\$ 21,582,497
			13	2023	\$ -	\$ -	\$ 20,395,459	\$ -	\$ -	\$ 20,395,459	\$ 20,395,459
			14	2024	\$ -	\$ -	\$ 19,273,709	\$ -	\$ -	\$ 19,273,709	\$ 19,273,709
			15	2025	\$ -	\$ -	\$ 18,213,655	\$ -	\$ -	\$ 18,213,655	\$ 18,213,655

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

SCHEDULE C-3676 (Temporary - July 2009): EMPLOYMENT INFORMATION

	Year	Tax Year (fill in actual tax year)	Existing Jobs		Construction		Permanent New Jobs		Qualifying Jobs	
			Column A: Number of permanent existing full time jobs prior to application	Column B: Number of Construction FTE's or man- hours (specify)	Column C: Average annual wage rates for construction workers	Column D: Total number of permanent full- time new jobs applicant commits to create	Column E: Average annual wage rate for all permanent new jobs for each year	Column F: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3)	Column G: Avg. annual wage of qualifying jobs	
	pre- year 1	2010	0						0	\$ -
	1	2011	0	8 FTE	\$ 35,360	0	\$ -	\$ -	0	\$ -
	2	2012	0	0	\$ -	1	\$ 50,000	\$ 50,000	1	\$ 50,000
	3	2013	0	0	0	1	\$ 50,000	\$ 50,000	1	\$ 50,000
	4	2014	0	0	0	1	\$ 50,000	\$ 50,000	1	\$ 50,000
	5	2015	0	0	0	1	\$ 50,000	\$ 50,000	1	\$ 50,000
	6	2016	0	0	0	1	\$ 50,000	\$ 50,000	1	\$ 50,000
	7	2017	0	0	0	1	\$ 50,000	\$ 50,000	1	\$ 50,000
	8	2018	0	0	0	1	\$ 50,000	\$ 50,000	1	\$ 50,000
	9	2019	0	0	0	1	\$ 50,000	\$ 50,000	1	\$ 50,000
	10	2020	0	0	0	1	\$ 50,000	\$ 50,000	1	\$ 50,000
	11	2021	0	0	0	1	\$ 50,000	\$ 50,000	1	\$ 50,000
	12	2022	0	0	0	1	\$ 50,000	\$ 50,000	1	\$ 50,000
	13	2023	0	0	0	1	\$ 50,000	\$ 50,000	1	\$ 50,000
	14	2024	0	0	0	1	\$ 50,000	\$ 50,000	1	\$ 50,000
	15	2025	0	0	0	1	\$ 50,000	\$ 50,000	1	\$ 50,000
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	Value Limitation Period								
Credit Settle-Up Period	Continue to Maintain Viable Presence									
Post-Settle-Up Period										

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

Note: Section 313.024(d) Tax Code requires that, to be eligible for a limitation, 80 percent of all new jobs must be qualifying jobs.

**Temporary Addendum to Application for Appraised Value Limitation on
Qualified Property - July 2009**

The 81st Legislature passed HB 3676, which made changes to Texas Tax Code, Chapter 313¹, including more information required to be analyzed in the Comptroller's economic impact evaluation (§313.026(a)). In order to facilitate completion of the evaluation, please provide the following, including temporary supplemental schedules A, B & C to collect information needed for HB 3676. The information on this addendum and additional schedules is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period. (Note: Should the applicant anticipate the need to keep any of the requested information in the application, addendum or supplemental schedules confidential, please read the attachment entitled 'Confidential Information submitted to the Comptroller' at the end of this addendum.)

Applicant name: Senate Wind, LLC

Please describe the general nature of the applicant's investment: 24 megawatt
Wind farm

Taxing entities that have jurisdiction for the property:

County Young County

Are you seeking property tax abatements or other favorable tax treatment from this entity? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

Senate Wind LLC has requested a ten-year 100% abatement with payments in-lieu of tax paid to Young County. Tax abatement terms have yet to be negotiated and finalized as of January 31, 2010.

City Not applicable

Are you seeking property tax abatements or other favorable tax treatment from this entity? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

Hospital District Not applicable

¹ All references are to Texas Tax Code, Chapter 313 as amended by HB 3676, 81st Legislature, unless otherwise noted.

Are you seeking property tax abatements or other favorable tax treatment from this entity? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

No

Other (describe) n/a

Other (describe) n/a

Other (describe) n/a

Are you seeking property tax abatements or other favorable tax treatment from any of these entities? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

Are you seeking any other state or local economic development incentives? Examples could include road or public infrastructure improvements, job training grants, loan guarantees, special financing, etc.) no If yes, please describe, attaching documentation as necessary.

The locally collected sales tax rate is: 0%

Will the land upon which the new building or new improvement be built be part of the qualified property described by §313.021(2)(A)? No If yes, please attach complete documentation: legal description, parcel ID, current taxable value, owner, etc.

Will the project be on leased land? Yes

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

What is the anticipated date of application approval? March 31, 2010

What is the anticipated date of beginning of the qualifying time period?
April 1, 2010

What is the approximate date the proposed facility or new improvement is expected to be fully operational? December 31, 2011

What is the minimum required annual wage for each qualified job in this school district? [See new §§313.021(5)(A) or 313.021(5)(B) or 313.021(3)(E)(ii), or 313.051(b).]
\$40,680 (\$36,982 x 110%) (see Attachment G for calculation) . Please specify method of computation and attach documentation from TWC web site. (Note that applicants to school districts subject to Subchapter C because of demographic characteristics must meet the regional wage standard described in §313.051(b).)

What is the minimum annual wage you will be paying for each qualified job in this school district? \$50,000

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? (Use Schedule C-3676, Column F to indicate number of qualifying jobs in specific years.)

By signing this addendum, you certify that this information is true and correct to the best of your knowledge and belief.

VICTOR CONTRACT
Name of authorized company officer
[Signature]
Signature of authorized company officer

SECRETARY
Title
4/28/10
Date

On behalf of Sevate Wind L.L.C.
Name of corporation/company

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code §37.10.

School district official sign and date application.

By signing below, I affirm that I have been delegated the authority by the school district governing body to act on its behalf with regard to this application for a limitation on appraised value.

Reagan Beas Rees
Name of authorized school district official

[Signature]
Signature of authorized school district official

Name of school district Graham ISD

Supt.
Title
5/3/2010
Date

Attachment A

Step 2: Describe the Property

Senate Wind, LLC ("Senate Wind") is requesting an appraised value limitation from Graham ISD ("GISD") for a proposed renewable energy project using wind turbines (wind farm) in Young County.

The wind farm will be constructed within a reinvestment zone established by Young County Commissioners Court. A map showing the location of the wind farm has been previously furnished to GISD and the Comptroller and was marked Attachment B. The legal description of the land included in the reinvestment zone is included in Attachment C. The resolution establishing the reinvestment zone on June 8, 2009 is included as Attachment D.

Tax abatement guidelines and criteria for tax abatement for Young County are shown in Attachment E.

Responses to Step 5, Questions 9 and 10 are shown in Attachment F.

Required wage rates using average regional manufacturing wage rates are shown in Attachment G.

Senate Wind LLC is requesting that Graham ISD waive the requirement to create ten jobs. Documentation that ten jobs is in excess of industry standards is shown in Attachment H.

The wind farm will have an estimated initial capacity of 24 megawatts. To construct the wind farm, Senate Wind will install an estimated 12 wind turbines in Graham ISD that will have a rated capacity of two megawatts each (subject to completion of wind turbine selection). In addition to the wind turbines, electrical connections will be installed to permit the interconnection and transmission of electricity generated by the wind turbines.

Construction of the wind farm is proposed to begin in late 2010. Construction will take approximately twelve months. The wind farm is slated to begin commercial operations in late 2011. At the peak of construction an estimated 8 construction workers will be employed at the project site.

Attachment B

Attached is a map showing the land area where the turbines will be located.

The attachment was provided with original application. No changes have been made from original submittal.

Attachment C

The legal description of the land in the reinvestment zone is as follows:

Tex. Emigration & Land Co. A-1137
Tex. Emigration & Land Co. A-1143
Tex. Emigration & Land Co. A-1144
Tex. Emigration & Land Co. A-1153
Tex. Emigration & Land Co. A-1159
Tex. Emigration & Land Co. A-1160
G & BN Co. - Tex. Emigration & Land Co. A-2051

Attachment D

Resolution of Young County establishing the reinvestment zone

The Commissioners Court order establishing the reinvestment zone on June 8, 2009 is attached.

**AN ORDER OF THE COMMISSIONERS COURT OF YOUNG COUNTY,
TEXAS DESIGNATING CERTAIN REAL PROPERTY WITHIN YOUNG
COUNTY AS A REINVESTMENT ZONE UNDER CHAPTER 312 OF THE
TEXAS TAX CODE**

WHEREAS in conformity with Chapter 312 of the *Texas Tax Code* and Young County, Texas' *Tax Abatement Guidelines and Criteria* which were adopted on July 28, 2008 (hereinafter "the Guidelines"), the Commissioners Court of Young County conducted a public hearing at 9:45 a.m. on **June 8, 2009**, regarding the designation of the following identified real property within Young County:

Texas Emigration & Land Co. Abstract Nos. 1137, 1143, 1144, 1153, 1159, 1160;
and, G. & B.N. Company Abstract No. 2051;

more particularly described as the "Senate Wind, LLC Reinvestment Zone," (hereinafter "the Property") as a reinvestment zone under the said chapter at the request of Senate Wind, LLC, a Delaware limited liability company (hereinafter "Applicant"); and

WHEREAS Applicant has filed an application with the Commissioners Court of Young County, Texas proposing certain improvements (hereinafter the "Improvements") to be located on the Property and requesting abatement of property taxes with respect to such Improvements; and

WHEREAS Chapter 312 and the Guidelines require that certain findings of fact be entered in order to designate a reinvestment zone;

NOW, THEREFORE, the Commissioners Court of Young County, Texas finds as follows with regard to the Property:

- a) That the Applicant has met his burden and demonstrated to this body that the designation of the Property as a reinvestment zone is reasonably likely to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the Property and that would contribute to the economic development of Young County; and
- b) That the Improvements sought are feasible and practical; and
- c) That the Improvements sought will be a benefit to the Property and to Young County after the expiration of an agreement entered into under V.T.C.A., Tax Code, Section 312.204; and
- d) That, not later than the seventh day before the date of said hearing, notice of the hearing was (1) published in the *Graham Leader*, a newspaper having a general circulation in Young County, Texas, and (2) delivered in writing to the presiding officer of the Graham Independent School District, said taxing entity being the only other taxing unit that includes the Property in its boundaries; and

- e) That notice of said public hearing and the meeting at which this order was adopted was open to the public and was preceded by proper notice as required by Chapter 551 of the Texas Government Code (the Open Meetings Act); and
- f) That the Property is not in the taxing jurisdiction of any municipality.

WHEREAS the Commissioners Court of Young County has made the findings of fact necessary to designate the Property as a reinvestment zone; and

WHEREAS the Commissioners Court of Young County believes such designation to be advantageous to the inhabitants of Young County;

It is therefore ORDERED by the Commissioners Court of Young County that the Property identified above within Young County is hereby designated as a reinvestment zone under Chapter 312 of the *Texas Tax Code* and, in accordance with TEX. TAX CODE §312.213 such designation shall be effective for a period of five (5) years from the date of this order and may be renewed as provided by applicable law.

PASSED AND APPROVED on this the 8th day of June 2009.


Stan Peavy, III, County Judge
Young County, Texas

I, the undersigned, Shirley Choate, County Clerk of Young County, Texas, do hereby certify that the above is a true and correct copy of a resolution duly adopted by the County of Young, at a regular meeting duly convened on June 8, 2009.

Shirley Choate, County Clerk

Date

LETTERS TO THE EDITOR

Drive safe

It's almost time for summer and all the kids will be out of school. We live in Jean across from the community center. Every summer I watch other kids running all over the place on bicycles and four-wheelers on the same streets vehicles rip up and down, going probably about 50-60 miles per hour. You would think that folks would have enough concern for the lives of children to drive at a reasonable speed on the county roads in residential areas; however, it does not seem to be the case. Every summer when I look outside the First United Methodist Church in Graham.

There are new requirements for the upcoming 2009-10 school year. Incoming 7th grade students are required to get Tdap, second varicella and the Meningococcal vac-

else's kid's hurt either. I'm sure that this doesn't just pertain to Scooby Road. I've noticed that for some reason folks seem to drive way too fast in residential areas on the county roads.

Perhaps folks might consider if there is a house, there could be a child. Please slow down. For anyone this offends, I feel I have the right to write this letter not only for the sake of my children but also because more than likely, I will be the first one out there when your child gets hit by a car in front of my house. Not only do I never want that to happen, but I sure don't want to witness it. Folks at the community center school entry in August.

All school immunizations including Pediarix, Pentacel, Rotavirus, Tdap, DtaP, Polio, Hib, MMR, Hepatitis B, Prevnar, Varicella and Hepatitis A will be offered.

The Texas Department of

the medical insurance I do have, and, of course, wouldn't expect any physician to treat patients without payment. I consider myself fortunate that I found anyone in his field still accepting Medicare patients. One can easily understand how I may feel a little nervous about my medical future! None of us should think "it won't happen to me" — because it can and probably will.

(Mrs.) Bobbye Nelson
Graham

Shame on you

...the person who would allow the is denied services due to an inability to pay. Parents or guardians must accompany a minor.

For more information regarding the clinic, call (940) 574-2159 prior to 4 p.m. the day of the clinic.

Professional Skin Care For Men & Women

Laser Hair Removal • Vein Therapy
Skin Tightening/Wrinkle Reduction
Skin Care Products • OBAGI • SkinCeuticals
Skin Care Massage • Juvéderm
Microdermabrasion • BOTOX • Restylane
Juvéderm • Spa Facials • Chemical Peels
Sunless Tanning • Teeth Whitening

PhotoRejuvenation Treatments
Facial Redness
Freckles & Age Spots
Acne/Scar • Uneven Skin Tone
Permanent Cosmetics
Eyelash Extensions
Waxing • Massage Therapy

skinessentials AND LASER CENTER

John F. Lucas, M.D., P.A.
William P. Marlin, M.D., P.A.

Graham Regional Hospital
Women's Center
940-521-5582
1301 Montgomery Road
Graham, TX 76450

Congratulations to
Dan & Virginia Orr
on 67 Years of Marriage

STORAGE RENTALS
Now Available
Monthly rentals for your
Storage Units
940-549-6086
940-550-8280

DPE
739 Oak St. • Graham, TX 76450
940-521-9100 • dpe40@yahoo.com

Helping You
is what we do best.
Lyle Chabon
940-549-3344
940-549-3344

NOTICE OF PUBLIC HEARING

Pursuant to Section 312.401 of the Texas Tax Code, the Young County Commissioners Court will hold a public hearing on June 8, 2009 at 9:45 a.m. in the County Court Room regarding the request by Senate Wind, LLC to designate the following real property in northwest Young County, Texas as a reinvestment zone (to be known as the "Senate Wind, LLC Reinvestment Zone") for the purposes of granting tax abatements for a wind farm project: Texas Emigration & Land Co. Abstract Nos. 1137, 1143, 1144, 1153, 1159, 1160; and, G. & B.N. Company Abstract No. 2051. At the hearing, all interested persons are entitled to speak and present statements for or against the designation. Following the public hearing the Commissioners Court will consider the request.

Dated this the 26th day of May 2009.

Commissioners' Court of Young County,
Texas

By: 
Stan Peavy, III, County Judge
Young County, Texas

First Baptist Church

Will Resume Broadcasting On
Windjammer Channel 19
Sunday, May 31

Broadcast Schedule

Sunday Morning Live: 11:00am
Sunday Evening Live: 6:00pm
Sunday Morning Rebroadcast: 9:00pm
Wednesday Evening Live: 7:00pm

First Baptist Church
623 Third St. • Graham, TX

Attachment E

Tax abatement guidelines and criteria adopted by Young County Commissioners Court on October 1, 2008 are attached.

Young County State of Texas

Tax Abatement Guidelines and Criteria

The purpose of this document is to establish guidelines, and a uniform policy of tax abatement for owners or lessees of eligible facilities willing to execute tax abatement contracts designed to provide long term significant positive economic impact to the community by utilizing the area contractors and work force to the maximum extent feasible, and by developing, redeveloping, and improving property. Except as otherwise provided, all contracts will be identical.

In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement

1. Must be reasonably expected to have an increase in positive net economic benefit to Young County of at least \$1,000,000.00 over the life of the abatement, computed to include (but not limited to) new sustaining payroll and/or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and
2. Must not be expected to solely or primarily have the effect of transferring employment from one part of Young County to another.

In addition to the criteria set forth above, the Young County Commissioners Court reserves the right to negotiate a tax abatement agreement in order to compete favorably with other communities.

Only that increase in the fair market value of the property directly resultant from the development, redevelopment and improvement specified in the contract will be eligible for abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the Applicant located within the jurisdiction creating the reinvestment zone.

All abatement contracts will be for a term no longer than allowed by law.

It is the goal of Young County to grant tax abatements on the same terms and conditions as the other taxing units having jurisdiction of the property. However, nothing herein shall limit the discretion of the Young County Commissioners Court to consider, adopt, modify or decline any tax abatement request.

This policy is effective as of October 1, 2008 and shall at all times be kept current with regard to the needs of Young County and reflective of the official views of the County Commissioners Court and shall be reviewed every two years.

The adoption of these guidelines and criteria by the Young County Commissioners Court does not:

1. Limit the discretion of the governing body to decide whether or not to enter into a specific tax abatement agreement;
2. Limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement;
3. Create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement;

Section 1 Definitions

- A. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated by Young County or any incorporated municipality within Young County for economic development purposes.
- B. "Agreement" means a contractual agreement between a property owner and/or Lessee and Young County.
- C. "Base year value" means the assessed value on the eligible property as of January 1 preceding the execution of the agreement.
- D. "Deferred maintenance" means improvements necessary for continued operation which do not improve productivity or alter the process technology.
- E. "Eligible facilities" means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Young County, but does not include facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in Young County, such as, but not limited to, restaurants and retail sales establishments, eligible facilities may include, but shall not be limited to hotels and office buildings.
- F. "Expansion" means the addition of building structures, machinery, equipment, or payroll for purposes of increasing production capacity.
- G. "Facility" means property improvement completed or in process of construction which together comprise an interregional whole.
- H. "Modernization" means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production

capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment, or both.

- I. "New facility" means property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- J. "Productive life" means the number of years a property improvement is expected to be in service in a facility.

Section 2 Abatement Authorized

- A. Eligible facilities Upon application, eligible facilities shall be considered for tax abatement as hereinafter provided.
- B. Creation of New Values Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Young County and the property owner of Lessee, subject to such limitations as Young County may require.
- C. New and existing facilities Abatement may be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Young County and the property owner of Lessee, subject to such limitations as Young County may require.
- D. Eligible property Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements and related fixed improvements necessary to the operation and administration of the facility.
- E. Ineligible Property The following types of property shall be fully taxable and ineligible for tax abatement: land, supplies, tools, furnishings, and other forms of movable personal property, housing, deferred maintenance, property to be rented or leased except as provided in Section 2 F, property which has a productive life of less than ten years.
- F. Owned/leased facilities If a leased facility is granted abatement, the agreement shall be executed with the Lessor and the Lessee.
- G. Economic Qualifications In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement
 - 1. Must be reasonably expected to have an increase in positive net benefit to Young County of at least \$1,000,000-00 over the life of the abatement, computed to include (but not limited to) new sustaining payroll and/or capital

improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and

2. Must not be expected to solely or primarily have the effect of transferring employment from one part of Young County to another.

H. Standards for Tax Abatement The following factors, among other, shall be considered in determining whether to grant tax abatement:

1. Value of existing improvements, if any;
2. Type and value of proposed improvements;
3. Productive life of proposed improvements;
4. Number of existing jobs to be retained by proposed improvements;
5. Number and type of new jobs to be created by proposed improvements;
6. Amount of local payroll to be created;
7. Whether the new jobs to be created will be filled by persons residing or projected to reside within affected taxing jurisdiction;
8. Amount which property tax base valuation will be increased during term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than \$1,000,000.00
9. The costs to be incurred by Young County to provide facilities directly resulting from the new improvements;
10. The amount of ad valorem taxes to be paid to Young County during the abatement period considering:
 - a. the existing values;
 - b. the percentage of new value abated;
 - c. the abatement period; and
 - d. the value after expiration of the abatement period.
11. The population growth of Young County that occurs directly as a result of new improvements;
12. The types and values of public improvements, if any, to be made by Applicant seeking abatement;
13. Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
14. The impact on the business opportunities of existing businesses;
15. The attraction of other new businesses to the area;
16. The overall compatibility with the zoning ordinances and comprehensive plan for the area;
17. Whether the project obtains all necessary permits from the applicable environmental agencies.

Each eligible facility shall be reviewed on its merits utilizing the factors provided above. After such review, abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

I. Denial of Abatement Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:

1. There would be substantial adverse affect on the provision of government services or tax base;
 2. The applicant has insufficient financial capacity;
 3. Planned or potential use of the property would constitute a hazard to public health, safety or morals;
 4. Violation of other codes or laws; or
 5. Any other reason deemed appropriate by Young County.
- J. Taxability From the execution of the abatement to the end of the agreement period, taxes shall be payable as follows:
1. The value of ineligible property as provided in Section 2 E shall be fully taxable; and
 2. The base year value of existing eligible property as determined each year shall be fully taxable.

The additional value of new eligible property shall be fully taxable at the end of the abatement period.

Section 3 Application

- A. Any present or potential owner of taxable property in Young County may request the creation of a reinvestment zone and tax abatement by filling a written application with the County Judge.
- B. The Application shall consist of a general description of the new improvements to be undertaken, a descriptive list of the improvements for which an abatement is requested, a list of the kind, number and location of all proposed improvements of the property, a map and property description, a time schedule for undertaking and completing the proposed improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the Application. The County may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the Applicant, to be attached to the Application. The completed Application must be accompanied by the payment of a non-refundable application fee for administrative costs associated with the processing of the tax abatement request. All checks in payment of the administrative fee shall be made payable to Young County. For abatement requests for improvements with a planned value equal to or in excess of \$1,000,000.00 the fee shall be one thousand and no/100 dollars (\$1000.00).
- C. Young County shall give notice as provided by the Property Tax Code, i.e. written notice, to the presiding officer of the governing body of each taxing unit in which the property to be subject of the agreement is located not later than the seventh day

before the public hearing and publication in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing. Before acting upon Application, Young County shall, through public hearing, afford the Applicant and the designated representative of any governing body referenced hereinabove opportunity to show cause why the abatement should or should not be granted.

- D. If a city within Young County designates a reinvestment zone within its corporate limits and enters into or proposes to enter into an abatement agreement with a present or potential owner of taxable property such present or potential owner of taxable property may request tax abatement by Young County by following the same application process described in Section 3 A hereof. No other notice or hearing shall be required except compliance with the Open Meetings Act, unless the Commissioners Court deems them necessary in a particular case.

Section 4 Agreement

- A. After approval, the Commissioners Court of Young County shall formally pass a Resolution and execute an agreement with the owner of the facility and Lessee as required which shall:
1. Include a list of the kind, number, location of all proposed improvements to the property;
 2. Provide access to and authorize inspection of the property by the taxing unit to ensure compliance with the agreement;
 3. Limit the use of the property consistent with the taxing unit's developmental goals;
 4. Provide for recapturing property tax revenues that are lost if the owner fails to make improvements as provided by the agreement;
 5. Include each term that was agreed upon with the property owner and require the owner to annually certify compliance with the terms of the agreement to each taxing unit; and
 6. Allow the taxing unit to cancel or modify the agreement at any time if the property owner fails to comply with the terms of the agreement
- B. The owner of the facility and Lessee shall also agree to the following:
1. A specified number of permanent full time jobs at facility shall be created, and the owner and Lessee shall make reasonably efforts to employ persons who are residents of Young County in such jobs, provided, however, that there shall be no obligation to employ residents who are not:
 - a. equally or more qualified than nonresident applicants;

- b. available for employment on terms and/or salaries comparable to those required by nonresident applicants; or
 - c. able to become qualified with 72 hours training provided by Owner.
- 2. Each person employed in such job shall perform a portion, if not all, of their work in Young County.
- 3. Owner shall agree that it and its contractors, if any, will use reasonably commercial efforts to maximize its use of goods and services available through Young County businesses in the construction, operation, and maintenance of the improvements and the project; provided, however, that there shall be no requirement to use goods and services provided by Young County residents that are not
 - a. of similar quality to those provided by nonresidents; or
 - b. made available on terms and conditions (including pricing) comparable to those offered by nonresidents. Comparable price shall be defined as less than or equal to 105% of the nonresident price for equivalent quality, conditions and terms.
- 4. Owner or its construction contractor, if any, shall designate a coordinator of local services who will act as liaison between any individuals, businesses, and contractors residing or doing business in Young County who are interested in obtaining information about providing goods or services related to the construction of the project. Additionally, Owner or its construction contractor, if any, shall advertise in local newspapers in Young County for local contractors to perform work on the construction of the project.
- 5. On May 1st of each year that the agreement shall be in effect, Owner shall certify to the County Judge of Young County, and to the governing body of each taxing unity, that Owner is in compliance with each applicable term set forth above.

Such agreement shall normally be executed within sixty (60) days after the Applicant has forwarded all necessary information and documentation to the Commissioners Court.

Section 5 Recapture

- A. In the event that the company or individual:
 - 1. Allows its ad valorem taxes owed Young County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or
 - 2. Violates any of the terms and conditions of the abatement agreement and fails to cure during the cure period, the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination.

- B. Should Young County determine that the company or individual is in default according to the terms and conditions of its agreement, Young County shall notify the company or individual in writing at the address stated in the agreement, and if such is not cured within thirty (30) days from the date of such notice (cure period) then the agreement may be terminated.

Section 6 Administration

- A. The Chief Appraiser of the Young County Appraisal District will annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser will notify the Commissioners Court of Young County of the amount of the assessment.
- B. Young County may execute a contract with any other jurisdictions to inspect the facility to determine if the terms and conditions of the abatement agreement are being met. The abatement agreement shall stipulate that employees and/or designated representatives of Young County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.
- C. Upon completion of construction, the designated representative of Young County shall annually evaluate each facility receiving abatement to insure compliance with the agreement. A formal report shall be made to the Commissioners Court.

Section 7 Assignment

Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of the Commissioners Court of Young County subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with Young County. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably withheld.

Section 8 Sunset Provision

These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years unless amended by three quarters vote of the Commissioners Court of Young County, at which time all reinvestment zones and tax abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on the review, the guidelines and criteria will be modified, renewed, or eliminated.

ADOPTED

7-28-08

YOUNG COUNTY COMMISSIONERS' COURT


 Judge Stan Peavy III

→ Recused, signed only to
evidence that there were
the adopted guidelines
and criteria


 Commissioner John Hawkins Precinct 1


 Commissioner John Charles Bullock Precinct 2


 Commissioner R.L. Spivey Precinct 3

→ Recused, signed only to evidence
that there were the adopted
guidelines & criteria.


 Commissioner Jimmy Wiley Precinct 4

Attachment F

Step 5: Economic Impact

9. Gamesa Energy USA, the parent of Senate Wind, LLC, develops, constructs, and operates wind farms in different countries around the world. The company has the ability to locate or relocate in another state, another region of Texas, or another region of the world. Senate Wind believes that the proposed site in Jack County is a desirable business location. Receiving the Appraised Value Limitation from the school district is vital to the economic competitiveness of the project with other projects being developed by Gamesa Energy USA.

10. Young County is suffering from the same economic difficulties facing the United States as a whole. Recent declines in oil and gas prices have affected the income of the county and local citizens with economic interests in mineral production. The county's agricultural interests are also suffering from drought conditions.

This project will have a significant impact on the property tax base of Young County. The indirect impact provided by new permanent jobs and temporary construction jobs to existing businesses in Young County will be substantial. Businesses that will benefit include hotels, restaurants, and suppliers and vendors who will provide goods and services to the new facility. New suppliers and vendors may locate in Young County to service the new project. Local and regional taxing authorities should also benefit from sales and use taxes generated by the project.

2008 Manufacturing Wages by Council of Government Region
Wages for All Occupations

COG	Wages	
	Hourly	Annual
Texas	\$20.61	\$42,872
1. Panhandle Regional Planning Commission	\$18.23	\$37,916
2. South Plains Association of Governments	\$14.81	\$30,799
3. NORTEX Regional Planning Commission	\$17.78	\$36,982
4. North Central Texas Council of Governments	\$22.60	\$47,011
5. Ark-Tex Council of Governments	\$15.50	\$32,239
6. East Texas Council of Governments	\$16.07	\$33,431
7. West Central Texas Council of Governments	\$16.30	\$33,904
8. Rio Grande Council of Governments	\$14.93	\$31,048
9. Permian Basin Regional Planning Commission	\$17.51	\$36,422
10. Concho Valley Council of Governments	\$14.07	\$29,274
11. Heart of Texas Council of Governments	\$17.19	\$35,749
12. Capital Area Council of Governments	\$24.50	\$50,969
13. Brazos Valley Council of Governments	\$14.93	\$31,052
14. Deep East Texas Council of Governments	\$15.42	\$32,066
15. South East Texas Regional Planning Commission	\$24.60	\$51,161
16. Houston-Galveston Area Council	\$21.80	\$45,353
17. Golden Crescent Regional Planning Commission	\$18.72	\$38,932
18. Alamo Area Council of Governments	\$16.50	\$34,330
19. South Texas Development Council	\$13.76	\$28,631
20. Coastal Bend Council of Governments	\$22.61	\$47,037
21. Lower Rio Grande Valley Development Council	\$13.05	\$27,145
22. Texoma Council of Governments	\$17.99	\$37,415
23. Central Texas Council of Governments	\$16.47	\$34,255
24. Middle Rio Grande Development Council	\$13.85	\$28,810

Young County
(Graham ISD) and
Jack County
(Bryson ISD)

Source: Texas Occupational Employment and Wages

Data published: 9 June 2009

Data published annually, next update will be June 2010.

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

CUMMINGS WESTLAKE LLC

12837 Lonetta Road, Suite 201 Cypress, Texas 77429-5611 713-266-4456 713-266-2333 (Fax)

May 17, 2009

Ms. Allison Gilliam
Texas Comptroller of Public Accounts
Local Government Assistance & Economic Development
LBJ Office Building
111 East 17th St.
Austin, TX 78744

Re: Wind Project Job Creation – Senate Wind, LLC – Graham ISD

Dear Ms. Gilliam:

Our clients have been asked to provide background information on the creation of full-time jobs by a wind project. Wind projects create a large number of construction jobs but require a small number of highly skilled technicians to operate a wind project once commercial operations start.

The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations, and other infrastructure associated with the safe and reliable operation of the project. Based upon a survey of our clients who are experienced developers and operators of large scale wind projects, we find that industry standard for permanent employment is one full-time employee for every fifteen turbines. This number can and does vary depending upon the operator, turbine type, and the support and technical assistance (warranty) offered by the turbine manufacturer.

In addition to the onsite employees described above, there may be asset managers or technicians who supervise, monitor, and support wind project operations from offsite locations. Since there are twelve (12) turbines slated for installation in Graham ISD, one employee is the industry standard for staffing the project portion in the district.

If you have questions, please contact me at 713-266-4456, or by email at dcummings@cwlp.net.

Sincerely,



D. Dale Cummings

ATTACHMENT H

Attachment B

Certificate of Account Status



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

November 2, 2010

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO
HEREBY CERTIFY that according to the records of this office

SENATE WIND, LLC

is, as of this date, in good standing with this office having no franchise tax
reports or payments due at this time. This certificate is valid through the
date that the next franchise tax report will be due November 15, 2010.

This certificate does not make a representation as to the status of the
entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted
entity is subject to franchise tax as required by law. This certificate is not
valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 2nd day of
November 2010 A.D.

A handwritten signature in cursive script that reads "Susan Combs".

Susan Combs
Texas Comptroller

Taxpayer number: 32038287523
File number: 0801048138

Form 05-304 (Rev. 12-07/17)

Attachment C

State Comptroller's Recommendation

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



September 15, 2010

Dr. Reagan C. "Beau" Rees
Superintendent
Graham Independent School District
400 3rd St.
Graham, Texas 76450

Dear Superintendent Rees:

On June 17, 2010, the agency received the completed application for a limitation on appraised value originally submitted to the Graham Independent School District (Graham ISD) by Senate Wind, LLC (Senate Wind) in April, 2010, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding Senate Wind's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, Graham ISD is currently classified as a rural school district in Category 3. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment (\$38,000,000) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

Senate Wind is proposing the construction of a wind power electricity generating facility in Young County. Senate Wind is an active franchise taxpayer, as required by Tax Code Section 313.024(a), and is in good standing. After reviewing the application using the criteria listed in Section 313.026, and the information provided by Senate Wind, the Comptroller's recommendation is that Senate Wind's application under Tax Code Chapter 313 be approved.

Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled on the school district. Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

Dr. Reagan C. "Beau" Rees
September 15, 2010
Page Two

The Comptroller's recommendation is based on the final, completed application that has been submitted to this office, and may not be used to support an approval if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. This recommendation is contingent on the following:

1. No later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, applicant submitting to this office a draft limitation agreement that complies with the statutes, the Comptroller's rules, and is consistent with the application;
2. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter; and
3. The district approving and executing a limitation agreement that has been reviewed by this office within a year from the date of this letter. As required by Comptroller Rule 9.1055 (34 T.A.C. 9.1055), the signed limitation agreement must be forwarded to our office as soon as possible after execution.

During the 81st Legislative Session, House Bill 3676 made a number of changes to the chapter. Please visit our Web site at www.window.state.tx.us/taxinfo/proptax/hb1200 to find an outline of the program and links to applicable rules and forms.

Should you have any questions, please contact Robert Wood, director of Local Government Assistance and Economic Development, by e-mail at robert.wood@cpa.state.tx.us or by phone at (800) 531-5441, ext. 3-3973, or direct in Austin at (512) 463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Senate Wind
Tax Code, 313.024 Eligibility Category	Renewable energy electric generation - Wind
School District	Graham ISD
2008-09 Enrollment in School District	2,477
County	Young
Total Investment in District	\$38,000,000
Qualified Investment	\$38,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	1*
Number of qualifying jobs committed to by applicant	1
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$962
Minimum Weekly Wage Required Tax Code, 313.025(A)	\$711
Minimum Annual Wage committed to by applicant for qualified jobs	\$50,000
Investment per Qualifying Job	\$38,000,000
Estimated 15 year M&O levy without any limit or credit:	\$3,930,840
Estimated gross 15 year M&O tax benefit	\$1,930,879
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for yet-to-be negotiated supplemental payments or extraordinary educational expenses):	\$1,838,939
Tax Credits Paid (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$291,200
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$2,091,901
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	46.8%
Percentage of tax benefit due to the limitation	84.9%
Percentage of tax benefit due to the credit.	15.1%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

This presents the Comptroller's economic impact evaluation of Senate Wind (the project) applying to Graham Independent School District (the district), as required by Tax Code, 313.026. With the exception of Table 1, this report examines the impact of the portion of the project in Graham ISD. As this project is part of a larger project, spanning two school districts, Table 1 examines the statewide impact on employment and personal income from the project in its entirety, including portions in Bryson ISD. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create one new job when fully operational. That job will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the NORTEX Regional Planning Commission Region, where Young County is located was \$36,982 in 2008. The average manufacturing wage for Young County was \$54,665 during 2009. During that same time period, the county annual average wage for all industries was \$37,206. In addition to an annual average salary of \$50,000, each qualifying position will receive benefits such as medical insurance, life insurance, 401k plan and paid sick and vacation. The project's total investment is \$38 million, resulting in a relative level of investment per qualifying job of \$38 million.

Ability of applicant to locate to another state and [313.026(9)]

According to Senate Wind's application, "Gamesa Energy USD, the parent of Senate Wind, LLC, develops, constructs, and operates wind farms in different countries around the world. The company has the ability to locate or relocate in another state, region of Texas, or another region of the world."

Number of new facilities in region [313.026(12)]

During the past two years, four projects in the NORTEX Regional Planning Commission Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan does not mention Renewable Energy specifically. However, one theme of the plan is attracting and fostering industries in Texas using advanced technology. Renewable energy technology is an expanding industry and the skilled workers that the project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

As mentioned earlier, the Senate Wind project applying to Graham ISD under Chapter 313 is part of a larger project encompassing two school districts in Young and Jack counties. Senate Wind has also applied for a value limitation agreement with Bryson ISD. For the purposes of assessing the economic impact of the project to Texas, the Comptroller's Office used data for the entire project (7 jobs with annual salaries of \$50,000 per job). Table 1 depicts the estimated economic impact to Texas of the Senate Wind project. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Senate Wind

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	50	69	119	\$1,768,000	\$5,232,000	\$7,000,000
2012	7	12	19	\$350,000	\$1,850,000	\$2,200,000
2013	7	16	23	\$350,000	\$2,450,000	\$2,800,000
2014	7	16	23	\$350,000	\$2,350,000	\$2,700,000
2015	7	16	23	\$350,000	\$2,450,000	\$2,800,000
2016	7	16	23	\$350,000	\$2,550,000	\$2,900,000
2017	7	12	19	\$350,000	\$2,550,000	\$2,900,000
2018	7	15	22	\$350,000	\$2,450,000	\$2,800,000
2019	7	12	19	\$350,000	\$2,850,000	\$3,200,000
2020	7	16	23	\$350,000	\$2,750,000	\$3,100,000
2021	7	14	21	\$350,000	\$2,850,000	\$3,200,000
2022	7	11	18	\$350,000	\$2,850,000	\$3,200,000
2023	7	11	18	\$350,000	\$3,050,000	\$3,400,000
2024	7	9	16	\$350,000	\$2,850,000	\$3,200,000
2025	7	14	21	\$350,000	\$3,350,000	\$3,700,000

Source: CPA, REMI, Senate Wind

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2008. Graham ISD's ad valorem tax base in 2008 was \$632.3 million. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-2010. During that same year, Graham ISD's estimated wealth per WADA was \$201,905. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Young County with the value limitation being granted, using estimated market value from Senate Wind's application. Table 3 illustrates the estimated tax impact of the project on the region if all taxes are assessed.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Graham ISD I&S Levy	Graham ISD M&O Levy	Graham ISD M&O and I&S Tax Levies (Before Credit Credited)	Graham ISD M&O and I&S Tax Levies (After Credit Credited)	Young County	School & County Property Taxes
				0.3105	1.0400			0.6033	
2010	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
2011	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
2012	\$38,000,000	\$38,000,000		\$117,990	\$395,200	\$513,190	\$513,190	\$229,253	\$742,443
2013	\$35,910,000	\$10,000,000		\$111,501	\$104,000	\$215,501	\$215,501	\$216,644	\$432,145
2014	\$33,934,950	\$10,000,000		\$105,368	\$104,000	\$209,368	\$167,768	\$204,729	\$372,497
2015	\$32,068,528	\$10,000,000		\$99,573	\$104,000	\$203,573	\$161,973	\$193,468	\$355,441
2016	\$30,304,759	\$10,000,000		\$94,096	\$104,000	\$198,096	\$156,496	\$182,828	\$339,324
2017	\$28,637,997	\$10,000,000		\$88,921	\$104,000	\$192,921	\$151,321	\$172,772	\$324,093
2018	\$27,062,907	\$10,000,000		\$84,030	\$104,000	\$188,030	\$146,430	\$163,270	\$309,700
2019	\$25,574,447	\$10,000,000		\$79,409	\$104,000	\$183,409	\$141,809	\$154,290	\$296,099
2020	\$24,167,853	\$10,000,000		\$75,041	\$104,000	\$179,041	\$137,441	\$145,804	\$283,245
2021	\$22,838,621	\$22,838,621		\$70,914	\$237,522	\$308,436	\$308,436	\$137,785	\$446,220
2022	\$21,582,497	\$21,582,497		\$67,014	\$224,458	\$291,472	\$291,472	\$130,207	\$421,678
2023	\$20,395,459	\$20,395,459		\$63,328	\$212,113	\$275,441	\$275,441	\$123,045	\$398,486
2024	\$19,273,709	\$19,273,709		\$59,845	\$200,447	\$260,291	\$260,291	\$116,278	\$376,569
2025	\$18,213,655	\$18,213,655		\$56,553	\$189,422	\$245,975	\$245,975	\$109,882	\$355,858
						Total	\$3,173,543	\$2,280,254	\$5,453,797

Assumes School Value Limitation

Source: CPA, Senate Wind

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Graham ISD I&S Levy	Graham ISD M&O Levy		Graham ISD M&O and I&S Tax Levies	Young County	School & County Property Taxes
			Tax Rate ¹	0.3105	1.0400			0.6033	
2010	\$0	\$0		\$0	\$0		\$0	\$0	\$0
2011	\$0	\$0		\$0	\$0		\$0	\$0	\$0
2012	\$38,000,000	\$38,000,000		\$117,990	\$395,200		\$513,190	\$229,253	\$742,443
2013	\$35,910,000	\$35,910,000		\$111,501	\$373,464		\$484,965	\$216,644	\$701,609
2014	\$33,934,950	\$33,934,950		\$105,368	\$352,923		\$458,291	\$204,729	\$663,020
2015	\$32,068,528	\$32,068,528		\$99,573	\$333,513		\$433,085	\$193,468	\$626,554
2016	\$30,304,759	\$30,304,759		\$94,096	\$315,169		\$409,266	\$182,828	\$592,093
2017	\$28,637,997	\$28,637,997		\$88,921	\$297,835		\$386,756	\$172,772	\$559,528
2018	\$27,062,907	\$27,062,907		\$84,030	\$281,454		\$365,485	\$163,270	\$528,754
2019	\$25,574,447	\$25,574,447		\$79,409	\$265,974		\$345,383	\$154,290	\$499,673
2020	\$24,167,853	\$24,167,853		\$75,041	\$251,346		\$326,387	\$145,804	\$472,191
2021	\$22,838,621	\$22,838,621		\$70,914	\$237,522		\$308,436	\$137,785	\$446,220
2022	\$21,582,497	\$21,582,497		\$67,014	\$224,458		\$291,472	\$130,207	\$421,678
2023	\$20,395,459	\$20,395,459		\$63,328	\$212,113		\$275,441	\$123,045	\$398,486
2024	\$19,273,709	\$19,273,709		\$59,845	\$200,447	\$260,291	\$116,278	\$376,569	
2025	\$18,213,655	\$18,213,655		\$56,553	\$189,422	\$245,975	\$109,882	\$355,858	
						Total	\$5,104,422	\$2,280,254	\$7,384,676

Source: CPA, Senate Wind

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, and C provided by the applicant in the application. Schedule A shows proposed investment and tax expenditures. Schedule B is the projected market value of the qualified property and Schedule C contains employment information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$3,930,840. The estimated gross 15 year M&O tax benefit, is \$1,930,897.

Attachment 3 is an economic overview of Young County.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

August 5, 2010

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Senate Wind, LLC, project on the number and size of school facilities in Graham Independent School District (GISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and conversations with the GISD superintendent, Dr. Beau Rees, the TEA has found that the Senate Wind, LLC, project would not have a significant impact on the number or size of school facilities in GISD.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in cursive script that reads "Helen Daniels".

Helen Daniels
Director of State Funding

HD/hd



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

August 5, 2010

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Senate Wind, LLC, project for the Graham Independent School District (GISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions are valid and their estimates of the impact of the Senate Wind, LLC, project on GISD are correct.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in cursive script that reads "Helen Daniels".

Helen Daniels
Director of State Funding

HD/hd

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED SENATE
WIND, LLC PROJECT ON THE FINANCES OF THE GRAHAM
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED
CHAPTER 313 PROPERTY VALUE LIMITATION**

June 18, 2010

Final Report

PREPARED BY



Estimated Impact of the Proposed Senate Wind, LLC Project on the Finances of the Graham under a Requested Chapter 313 Property Value Limitation

Introduction

Senate Wind, LLC (Senate Wind) has requested that the Graham Independent School District (GISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new renewable electric wind generation project. An application was submitted to GISD on April 30, 2010. SenateWind proposes to invest \$38 million to construct a new wind energy project in GISD.

The Senate Wind project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, the original language in Chapter 313 of the Tax Code made companies engaged in manufacturing, research and development, and renewable electric energy production eligible to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

School Finance Mechanics

Under the provisions of Chapter 313, GISD may offer a minimum value limitation of \$10 million. Based on the application, the qualifying time period would begin with the 2011-12 school year. The full value of the investment is expected to reach \$38 million in 2012-13, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2011-12 and 2012-13 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2011-12 and 2012-13 school years. Beginning in 2013-14, the project would go on the local tax roll at \$10 million and remain at that level of taxable value for eight years for maintenance and operations taxes. The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with GISD currently levying a \$0.3105 I&S tax rate.

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct their property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

For the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved

a Chapter 313 value limitation. Based on the data provided in the application, Senate Wind indicates that \$38.0 million in taxable value would be in place in the second year under the agreement. In year three (2013-14) of the agreement, the project is expected to go on the tax roll at \$10 million or, if applicable, a higher value limitation amount approved by the GISD Board of Trustees. This difference would result in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant in the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

HB 1 established a “target” revenue system per student that has the effect of largely neutralizing the third-year revenue losses associated with Chapter 313 property value limitations, at least up to a district’s compressed M&O tax rate. The additional four to six cents of tax effort that a district may levy are subject to an enriched level of equalization (or no recapture in the case of Chapter 41 school district) and operate more like the pre-HB 1 system. A value limitation must be analyzed for any potential revenue loss associated with this component of the M&O tax levy. For tax effort in excess of the compressed plus six cents rate, equalization and recapture occur at the level of \$319,500 per weighted student in average daily attendance (WADA).

Under HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point is the target revenue provisions from HB 1, that are then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional \$120 per WADA guarantee.

Under the provisions of HB 3646, school districts do have the potential to earn revenue above the \$120 per WADA level, up to a maximum of \$350 per WADA above current law. Initial estimates indicate that about 700 school districts are funded at the minimum \$120 per WADA level, while approximately 300 school districts are expected to generate higher revenue amounts per WADA. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district’s base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Senate Wind project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f) (1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. While the new target revenue

system appears to limit the impact of property value changes for a majority of school districts, changes in underlying property value growth have the potential to influence the revenue stream of a number of school districts.

Student enrollment counts are held constant at 2,275 students in average daily attendance (ADA) in analyzing the effects of the SenateWind project on the finances of GISD. The District's local tax base reached \$647.1 billion for the 2009 tax year. The underlying \$647.1 billion taxable value for 2009-10 is maintained for the forecast period in order to isolate the effects of the property value limitation. GISD is not a property-wealthy district, with wealth per weighted ADA or WADA of approximately \$201,910 for the 2009-10 school year. These assumptions are summarized in Table 1.

School Finance Impact

A baseline model was prepared for GISD under the assumptions outlined above through the 2024-25 school year. Beyond the 2010-11 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a second model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Senate Wind facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A third model is developed which adds the Senate Wind value but imposes the proposed property value limitation effective in the third year, which in this case is the 2013-14 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue protection provisions of the proposed agreement (see Table 3). An M&O tax rate of \$1.04 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately \$17.2 million a year in net General Fund revenue, after recapture and other adjustments have been made.

Under these assumptions, GISD would experience a revenue loss as a result of the implementation of the value limitation in the 2013-14 school year (-\$54,041). The revenue reduction results from the mechanics of six cents not subject to recapture, which reflect the one-year lag in value associated with the property value study. It appears that similar differences persist between the two models over the course of the agreement, in part due to deductions made in state property value study that do not sufficiently offset the reduction in M&O taxes resulting from the impact of the value limitation agreement.

One change that has been incorporated into these models is a more precise estimate of the deduction from the property value study conducted by the Comptroller's Office. At the school district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect.

Under the property value study conducted by the Comptroller's Office, however, only a single deduction amount is calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. The contention that has been made is the language of Section 403.302(d)(10)(B) of the Government Code, which provides for deducting value associated with actions taken under Chapter 313 of the Tax Code in determining taxable value, does not permit the flexibility of establishing two state property values for the M&O and I&S components for a school districts that have granted a property value limitation.

The result of this interpretation is that a "composite" value for a school district with a Chapter 313 agreement is calculated, by averaging the impact of the value reduction across the M&O and I&S tax levies. The result of the composite deduction calculation is that the amount deducted for the value limitation from the state value study is always less than the tax benefit that has been provided for the taxpayer receiving the value limitation in school districts that levy M&O taxes.

The consequence of the lower deduction in the value study relative to the Chapter 313 reduction in the CAD values is that a school district risks not being fully compensated under the school finance funding formulas for having granted the property value limitation. Chapter 41 school districts face greater recapture costs than would have been the case if the CAD deduction and the Comptroller's Chapter 313 reduction matched.

This methodology has been incorporated into these estimates and the typical result is an increase in the hold-harmless formula amounts owed to the school district by the company that receives the value limitation. The extent to which this affects a school district's finances appears to be influenced by the scale of the value limitation reduction relative to the district's underlying tax base, as well as its I&S tax rate. There are circumstances under the composite deduction calculation where a school district may become eligible for additional state facilities support because the lower state property value is used in the formulas that determine eligible aid for the Existing Debt Allotment (EDA) and Instructional Facilities (IFA) programs, even though it is taxing for I&S purposes on a much larger tax base. Even if a school district receives additional state aid for I&S purposes, however, these funds must be used to lower the I&S tax rate and do not enhance a school district's revenue for operating its schools.

In the case of GISD, the calculated lower reduction in the state property value relative to the M&O benefit to be received by the taxpayer does not appear to be substantial. In large part this results because the underlying tax base is substantially larger than the proposed project.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in 2009-10 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$1.6 million over the life of the agreement. In addition, Senate Wind would be eligible for a tax credit for taxes paid on value in excess of the value limitation in each of the first two years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$291,200 over the life of the agreement, with no unpaid tax credits anticipated. The key GISD revenue losses are associated with the additional six-cent levy not subject to recapture and expected to total approximately -\$91,940 over the

course of the agreement, with the school district to be reimbursed by the state for the tax credit payments. In total, the potential net tax benefits are estimated to total \$1.8 million over the life of the agreement.

Facilities Funding Impact

The Senate Wind project remains fully taxable for debt services taxes, with GISD currently levying a \$0.3105 I&S rate. The value of the Senate Wind project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA. The additional value is expected may help reduce the District's current I&S tax rate with any rate reduction diminishing as the project value depreciates.

The Senate Wind project is not expected to affect GISD in terms of enrollment. Continued expansion of the renewable energy industry could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Conclusion

The proposed Senate Wind wind energy project enhances the tax base of GISD. It reflects continued capital investment in renewable electric energy generation, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$1.8 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of GISD in meeting its future debt service obligations.

Table 1 – Base District Information with Senate Wind, LLC Project Value and Limitation Values

School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
2009-10	2,275.00	3,131.82	\$1.0400	\$0.3105	\$647,096,291	\$647,096,291	\$632,345,265	\$632,345,265	\$201,910	\$201,910
2010-11	2,270.00	3,135.53	\$1.0400	\$0.3105	\$647,096,291	\$647,096,291	\$620,896,369	\$620,896,369	\$198,020	\$198,020
2011-12	2,268.82	3,154.84	\$1.0400	\$0.3105	\$647,096,291	\$647,096,291	\$620,896,369	\$620,896,369	\$196,808	\$196,808
2012-13	2,267.09	3,164.15	\$1.0400	\$0.3105	\$685,096,291	\$685,096,291	\$620,896,369	\$620,896,369	\$196,229	\$196,229
2013-14	2,265.35	3,174.06	\$1.0400	\$0.3105	\$683,006,291	\$657,096,291	\$658,896,369	\$658,896,369	\$207,588	\$207,588
2014-15	2,265.35	3,174.06	\$1.0400	\$0.3105	\$681,031,241	\$657,096,291	\$656,806,369	\$636,853,463	\$206,930	\$200,643
2015-16	2,265.35	3,174.06	\$1.0400	\$0.3105	\$679,164,819	\$657,096,291	\$654,831,319	\$636,399,369	\$206,307	\$200,500
2016-17	2,265.35	3,174.06	\$1.0400	\$0.3105	\$677,401,050	\$657,096,291	\$652,964,897	\$635,970,251	\$205,719	\$200,365
2017-18	2,265.35	3,174.06	\$1.0400	\$0.3105	\$675,734,288	\$657,096,291	\$651,201,128	\$635,564,735	\$205,164	\$200,237
2018-19	2,265.35	3,174.06	\$1.0400	\$0.3105	\$674,159,198	\$657,096,291	\$649,534,366	\$635,181,521	\$204,639	\$200,117
2019-20	2,265.35	3,174.06	\$1.0400	\$0.3105	\$672,670,738	\$657,096,291	\$647,959,276	\$634,819,385	\$204,142	\$200,003
2020-21	2,265.35	3,174.06	\$1.0400	\$0.3105	\$671,264,144	\$657,096,291	\$646,470,816	\$634,477,166	\$203,673	\$199,895
2021-22	2,265.35	3,174.06	\$1.0400	\$0.3105	\$669,934,912	\$669,934,912	\$645,064,222	\$634,153,769	\$203,230	\$199,793
2022-23	2,265.35	3,174.06	\$1.0400	\$0.3105	\$668,678,788	\$668,678,788	\$643,734,990	\$643,734,990	\$202,812	\$202,812
2023-24	2,265.35	3,174.06	\$1.0400	\$0.3105	\$667,491,750	\$667,491,750	\$642,478,866	\$642,478,866	\$202,416	\$202,416
2024-25	2,265.35	3,174.06	\$1.0400	\$0.3105	\$666,370,000	\$666,370,000	\$641,291,828	\$641,291,828	\$202,042	\$202,042
2025-26	2,265.35	3,174.06	\$1.0400	\$0.3105	\$665,309,946	\$665,309,946	\$640,170,078	\$640,170,078	\$201,688	\$201,688

*Tier II Yield: \$48.19; AISD Yield: \$59.97; Equalized Wealth: \$481,900 per WADA

Table 2-- "Baseline Revenue Model"--Project Value Added with No Value Limitation

School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
2009-10	\$5,980,521	\$9,063,487	\$775,132	\$0	\$0	\$543,358	\$821,052	\$0	\$17,183,550
2010-11	\$5,980,521	\$9,356,022	\$500,649	\$0	\$0	\$543,358	\$865,914	\$0	\$17,246,463
2011-12	\$5,980,521	\$9,613,507	\$340,117	\$0	\$0	\$543,358	\$874,593	\$0	\$17,352,095
2012-13	\$6,333,118	\$9,657,951	\$0	\$0	\$0	\$575,393	\$930,588	\$0	\$17,497,049
2013-14	\$6,313,725	\$9,342,983	\$374,070	\$0	\$0	\$573,631	\$845,582	\$0	\$17,449,991
2014-15	\$6,295,399	\$9,362,909	\$372,470	\$0	\$0	\$571,966	\$847,630	\$0	\$17,450,375
2015-16	\$6,278,081	\$9,381,739	\$370,959	\$0	\$0	\$570,392	\$849,569	\$0	\$17,450,740
2016-17	\$6,261,715	\$9,399,533	\$369,530	\$0	\$0	\$568,905	\$851,402	\$0	\$17,451,086
2017-18	\$6,246,249	\$9,416,348	\$368,181	\$0	\$0	\$567,500	\$853,137	\$0	\$17,451,416
2018-19	\$6,231,634	\$9,432,239	\$366,905	\$0	\$0	\$566,172	\$854,777	\$0	\$17,451,729
2019-20	\$6,217,823	\$9,447,255	\$365,700	\$0	\$0	\$564,917	\$856,329	\$0	\$17,452,026
2020-21	\$6,204,771	\$9,461,446	\$364,561	\$0	\$0	\$563,732	\$857,797	\$0	\$17,452,308
2021-22	\$6,192,438	\$9,474,856	\$363,485	\$0	\$0	\$562,611	\$859,186	\$0	\$17,452,576
2022-23	\$6,180,782	\$9,487,529	\$362,467	\$0	\$0	\$561,552	\$860,499	\$0	\$17,452,830
2023-24	\$6,169,768	\$9,499,505	\$361,506	\$0	\$0	\$560,551	\$861,741	\$0	\$17,453,071
2024-25	\$6,159,359	\$9,510,822	\$360,597	\$0	\$0	\$559,606	\$862,915	\$0	\$17,453,300
2025-26	\$6,149,523	\$9,521,516	\$359,739	\$0	\$0	\$558,712	\$864,026	\$0	\$17,453,517

Table 3-- "Value Limitation Revenue Model"--Project Value Added with Value Limit

School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
2009-10	\$5,980,521	\$9,063,487	\$775,132	\$0	\$0	\$543,358	\$821,052	\$0	\$17,183,550
2010-11	\$5,980,521	\$9,356,022	\$500,649	\$0	\$0	\$543,358	\$865,914	\$0	\$17,246,463
2011-12	\$5,980,521	\$9,613,507	\$340,117	\$0	\$0	\$543,358	\$874,593	\$0	\$17,352,095
2012-13	\$6,333,118	\$9,657,951	\$0	\$0	\$0	\$575,393	\$930,588	\$0	\$17,497,049
2013-14	\$6,073,310	\$9,342,983	\$614,486	\$0	\$0	\$551,788	\$813,384	\$0	\$17,395,950
2014-15	\$6,073,310	\$9,553,136	\$404,333	\$0	\$0	\$551,788	\$860,635	\$0	\$17,443,202
2015-16	\$6,073,310	\$9,557,465	\$400,004	\$0	\$0	\$551,788	\$861,643	\$0	\$17,444,210
2016-17	\$6,073,310	\$9,561,556	\$395,913	\$0	\$0	\$551,788	\$862,597	\$0	\$17,445,163
2017-18	\$6,073,310	\$9,565,423	\$392,046	\$0	\$0	\$551,788	\$863,499	\$0	\$17,446,066
2018-19	\$6,073,310	\$9,569,076	\$388,393	\$0	\$0	\$551,788	\$864,353	\$0	\$17,446,920
2019-20	\$6,073,310	\$9,572,529	\$384,940	\$0	\$0	\$551,788	\$865,161	\$0	\$17,447,728
2020-21	\$6,073,310	\$9,575,791	\$381,678	\$0	\$0	\$551,788	\$865,925	\$0	\$17,448,492
2021-22	\$6,192,438	\$9,578,874	\$259,467	\$0	\$0	\$562,611	\$883,647	\$0	\$17,477,037
2022-23	\$6,180,782	\$9,487,529	\$362,467	\$0	\$0	\$561,552	\$860,499	\$0	\$17,452,830
2023-24	\$6,169,768	\$9,499,505	\$361,506	\$0	\$0	\$560,551	\$861,741	\$0	\$17,453,071
2024-25	\$6,159,359	\$9,510,822	\$360,597	\$0	\$0	\$559,606	\$862,915	\$0	\$17,453,300
2025-26	\$6,149,523	\$9,521,516	\$359,739	\$0	\$0	\$558,712	\$864,026	\$0	\$17,453,517

Table 4 – Value Limit less Project Value with No Limit

School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State From Additional M&O Tax Collections	Aid from the Additional Local Tax Effort	Recapture from the Additional Local Tax Effort	Total General Fund
2009-10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2010-11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2011-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2013-14	-\$240,416	\$0	\$240,416	\$0	\$0	-\$21,843	-\$32,198	\$0	\$0	-\$54,041
2014-15	-\$222,089	\$190,227	\$31,862	\$0	\$0	-\$20,178	\$13,005	\$0	\$0	-\$7,173
2015-16	-\$204,771	\$175,726	\$29,045	\$0	\$0	-\$18,604	\$12,074	\$0	\$0	-\$6,530
2016-17	-\$188,405	\$162,023	\$26,382	\$0	\$0	-\$17,117	\$11,195	\$0	\$0	-\$5,923
2017-18	-\$172,940	\$149,075	\$23,865	\$0	\$0	-\$15,712	\$10,363	\$0	\$0	-\$5,350
2018-19	-\$158,325	\$136,837	\$21,488	\$0	\$0	-\$14,385	\$9,576	\$0	\$0	-\$4,809
2019-20	-\$144,513	\$125,274	\$19,239	\$0	\$0	-\$13,130	\$8,832	\$0	\$0	-\$4,298
2020-21	-\$131,462	\$114,345	\$17,117	\$0	\$0	-\$11,944	\$8,128	\$0	\$0	-\$3,816
2021-22	\$0	\$104,018	-\$104,018	\$0	\$0	\$0	\$24,462	\$0	\$0	\$24,462
2022-23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the Senate Wind, LLC Project Property Value Limitation Request Submitted to GISD at \$1.04 M&O Tax Rate

School Year	Project Value	Estimated Taxable Value	Value Savings	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
2011-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2012-13	\$38,000,000	\$38,000,000	\$0	\$395,200	\$395,200	\$0	\$0	\$0	\$0	\$0
2013-14	\$35,910,000	\$10,000,000	\$25,910,000	\$373,464	\$104,000	\$269,464	\$0	\$269,464	-\$54,041	\$215,423
2014-15	\$33,934,950	\$10,000,000	\$23,934,950	\$352,923	\$104,000	\$248,923	\$41,600	\$290,523	-\$7,173	\$283,350
2015-16	\$32,068,528	\$10,000,000	\$22,068,528	\$333,513	\$104,000	\$229,513	\$41,600	\$271,113	-\$6,530	\$264,583
2016-17	\$30,304,759	\$10,000,000	\$20,304,759	\$315,169	\$104,000	\$211,169	\$41,600	\$252,769	-\$5,923	\$246,847
2017-18	\$28,637,997	\$10,000,000	\$18,637,997	\$297,835	\$104,000	\$193,835	\$41,600	\$235,435	-\$5,350	\$230,085
2018-19	\$27,062,907	\$10,000,000	\$17,062,907	\$281,454	\$104,000	\$177,454	\$41,600	\$219,054	-\$4,809	\$214,245
2019-20	\$25,574,447	\$10,000,000	\$15,574,447	\$265,974	\$104,000	\$161,974	\$41,600	\$203,574	-\$4,298	\$199,276
2020-21	\$24,167,853	\$10,000,000	\$14,167,853	\$251,346	\$104,000	\$147,346	\$41,600	\$188,946	-\$3,816	\$185,130
2021-22	\$22,838,621	\$22,838,621	\$0	\$237,522	\$237,522	\$0	\$0	\$0	\$0	\$0
2022-23	\$21,582,497	\$21,582,497	\$0	\$224,458	\$224,458	\$0	\$0	\$0	\$0	\$0
2023-24	\$20,395,459	\$20,395,459	\$0	\$212,113	\$212,113	\$0	\$0	\$0	\$0	\$0
2024-25	\$19,273,709	\$19,273,709	\$0	\$200,447	\$200,447	\$0	\$0	\$0	\$0	\$0
2025-26	\$18,213,655	\$18,213,655	\$0	\$189,422	\$189,422	\$0	\$0	\$0	\$0	\$0
				\$3,930,840	\$2,291,161	\$1,639,679	\$291,200	\$1,930,879	-\$91,940	\$1,838,939

Tax Credit for Value Over Limit in First 2 Years

2010	2011	Max Credits
\$0	\$291,200	\$291,200
Credits Earned		\$291,200
Credits Paid		<u>\$291,200</u>
Excess Credits Unpaid		\$0

Attachment F

Taxable Value of Property

DATE: 06/30/2010
TIME: 11:11:33

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
2009 ISD SUMMARY WORKSHEET
252/Young
252-901/Graham ISD

PAGE: 003
REPT: PTS265
VERSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2009 WTD MEAN RATIO	2009 PTD VALUE ESTIMATE	2009 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	291,162,690	.9472	307,393,043	291,162,690
B. MULTIFAMILY RESIDENCES	4,824,100	N/A	4,824,100	4,824,100
C. VACANT LOTS	6,919,130	N/A	6,919,130	6,919,130
D. RURAL REAL (TAXABLE)	79,346,580	1.0233	77,543,435	79,346,580
F1. COMMERCIAL REAL	66,919,710	.9687	69,081,976	66,919,710
F2. INDUSTRIAL REAL	14,819,920	N/A	14,819,920	14,819,920
G. OIL,GAS,MINERALS	116,431,840	.9958	116,922,916	116,431,840
J. UTILITIES	36,473,280	1.0114	36,062,171	36,473,280
L1. COMMERCIAL PERSONAL	45,444,770	1.0116	44,923,656	45,444,770
L2. INDUSTRIAL PERSONAL	54,117,550	N/A	54,117,550	54,117,550
M. MOBILE HOMES	3,250,180	N/A	3,250,180	3,250,180
N. INTANGIBLE PERSS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	726,530	N/A	726,530	726,530
S. SPECIAL INVENTORY	2,089,020	N/A	2,089,020	2,089,020
SUBTOTAL	722,525,300		738,673,627	722,525,300
LESS TOTAL DEDUCTIONS	101,948,871		107,719,905	101,948,871
TOTAL TAXABLE VALUE	620,576,429		630,953,722	620,576,429 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	54,266,810	.9413	57,650,919
PROD VALUE QUALIFIED ACRES	25,079,770	1.2608	19,892,516
TAXABLE VALUE	79,346,580		77,543,435

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

DATE: 06/30/2010
TIME: 11:11:33

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
2009 FINAL VALUES WORKSHEET
252/Young
252-901/Graham ISD

PAGE: 004
REF: PTS265
VERSN: W

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-9238.

T1	T2	T3	T4	T5	T6
655,510,679	620,576,429	655,510,679	620,576,429	622,658,251	622,658,251
LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION					
			50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION		
34,934,250			0		

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
T2 = SCHOOL DISTRICT TAXABLE VALUE AFTER THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION
T3 = T1 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
T5 = T2 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

DATE: 06/30/2010
TIME: 11:11:33

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
2009 ISD SUMMARY WORKSHEET
252-901/Graham ISD
SCHOOL DISTRICT TOTALS

PAGE: 005
REF: PTS265
VRN: W

CATEGORY	LOCAL TAX ROLL VALUE	2009 WTD MEAN RATIO	2009 PTD VALUE ESTIMATE	2009 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	291,162,690	.9472	307,393,043	291,162,690
B. MULTIFAMILY RESIDENCES	4,824,100	N/A	4,824,100	4,824,100
C. VACANT LOTS	6,919,830	N/A	6,919,830	6,919,830
D. RURAL REAL (TAXABLE)	79,510,260	1.0232	77,707,115	79,510,260
F1. COMMERCIAL REAL	66,919,710	.9687	69,081,976	66,919,710
F2. INDUSTRIAL REAL	14,819,920	N/A	14,819,920	14,819,920
G. OIL, GAS, MINERALS	116,434,840	.9958	116,925,916	116,434,840
J. UTILITIES	36,630,460	1.0114	36,219,351	36,630,460
L1. COMMERCIAL PERSONAL	45,444,770	1.0116	44,823,656	45,444,770
L2. INDUSTRIAL PERSONAL	54,117,550	N/A	54,117,550	54,117,550
M. MOBILE HOMES	3,250,180	N/A	3,250,180	3,250,180
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	726,530	N/A	726,530	726,530
S. SPECIAL INVENTORY	2,089,020	N/A	2,089,020	2,089,020
SUBTOTAL	722,849,860		738,998,187	722,849,860
LESS TOTAL DEDUCTIONS	101,953,491		107,724,525	101,953,491
TOTAL TAXABLE VALUE	620,896,369		631,273,662	620,896,369 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED			
ACRES & FARM/RANCH IMP	54,329,280	.9414	57,713,389
PROD VALUE QUALIFIED ACRES	25,180,980	1.3594	19,993,726
TAXABLE VALUE	79,510,260		77,707,115

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

Attachment G

Participation Agreement

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE
OF PROPERTY FOR SCHOOL DISTRICT
MAINTENANCE AND OPERATIONS TAXES**

by and between

GRAHAM INDEPENDENT SCHOOL DISTRICT

and

SENATE WIND, LLC

(Texas Taxpayer ID # 32038287523)

Dated

November 16, 2010

WHEREAS, pursuant to 34 Tex. Admin Code §9.1054, the Application was delivered for review to the Young County Appraisal District established in Young County, Texas (the "Young County Appraisal District"), pursuant to Texas Tax Code § 6.01; and,

WHEREAS, the Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.025(d), and on September 15, 2010 the Comptroller's Office, via letter, recommended that the Application be approved; and,

WHEREAS, the Texas Comptroller of Public Accounts conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of Trustees at a public hearing held in connection with the Board's consideration of the Application; and,

WHEREAS, the Board of Trustees has carefully reviewed the economic impact evaluation pursuant to Texas Tax Code § 313.026 and has carefully considered the Comptroller's positive recommendation for the project; and,

WHEREAS, this form of the Agreement has been submitted to the Comptroller's Office pursuant to 34 Tex. Admin. Code § 9.1055(e)(1) and, on October 18, 2010 the Comptroller's Office notified the District that this Agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F; and,

WHEREAS, on November 16, 2010, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

WHEREAS, on November 16, 2010, the Board of Trustees made factual findings pursuant to Texas Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; and, (iv) each criterion listed in Texas Tax Code § 313.025(e) has been met and, (v.) if the job creation requirement set forth in Texas Tax Code § 313.051(b) (*i.e.*, 10 jobs) was applied, for the size and scope of the project described in the Application and in **EXHIBIT 3**, the required number of jobs would exceed the industry standard for the number of employees reasonably necessary for the operation of the facility; and,

WHEREAS, on November 16, 2010, the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§ 313.022(b) and 313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

WHEREAS, on November 16, 2010, pursuant to the provisions of Texas Tax Code § 313.025(f-1), the Board of Trustees waived the job creation requirement set forth in Texas Tax Code § 313.051(b); and,

WHEREAS, on November 16, 2010, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. AUTHORITY

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Texas Tax Code § 313.027.

Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that Applicant makes a Qualified Investment as defined by Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant is entitled to the Tax Limitation Amount defined in Section 1.3, below for the following years: 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2013, the appraisal date for the third full Tax Year following the Commencement Date. For the first two full Tax Years that begin on the Commencement Date (*i.e.*, the 2011 and 2012 Tax Years), which together with the period from the date of approval until January 1, 2011 are collectively referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code § 313.021(4), Applicant shall not be entitled to a tax limitation. Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2020. Except as otherwise provided herein, this Agreement will terminate, in full, on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination, so long as the right to such payment survives said termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a

summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
1	January 1, 2011	2011-12	2011	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2012	2012-13	2012	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2013	2013-14	2013	\$ 10 million property value limitation.
4	January 1, 2014	2014-15	2014	\$ 10 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2015	2015-16	2015	\$ 10 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2016	2016-17	2016	\$ 10 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2017	2017-18	2017	\$ 10 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2018	2018-19	2018	\$ 10 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2019	2019-20	2019	\$ 10 million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2020	2020-21	2020	\$10 million property value limitation. Possible tax credit due

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
				to Applicant.
11	January 1, 2021	2021-22	2021	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2022	2022-23	2022	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2023	2023-24	2023	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3. DEFINITIONS

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

“Affiliate” means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Applicant. For purposes of this definition, control of an entity means (i) the ownership, directly or indirectly, of fifty (50) percent or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

“Affiliated Group” means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

“Aggregate Limit” means, for any year of this Agreement, the cumulative total of the Annual Limit amount for the current year and all previous years of the Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article IV, below.

"Agreement" means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 6.3.

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Tex. Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be Two Hundred Thirty-Seven Thousand Nine Hundred Dollars (\$237,900.00) based upon the District's 2009-10 Average Daily Attendance of 2,378.89, rounded to the whole number.

"Applicant" means Senate Wind LLC, (Texas Taxpayer ID # 32038287523), the company listed in the Preamble of this Agreement who, on April 30, 2010, filed the Original Application and on June 17, 2010 filed supplemental Application materials with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest.

"Applicable School Finance Law" means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant's ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on April 30, 2010, filed the Original Application and on June 17, 2010 filed supplemental Application materials, for which when combined constitute a final Application date of June 17, 2010. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by Applicant.

"Appraised Value" shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

"Appraisal District" means the Young County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Graham Independent School District.

"Commencement Date" means the date upon which this Agreement was approved by the Board of Trustees.

"Comptroller" means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

"Comptroller's Rules" means the applicable rules and regulations of the Comptroller set forth at Chapter 34 Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

"County" means Young County, Texas.

"Determination of Breach" shall have the meaning assigned to such term in Section 7.8 of the Agreement

"District" or "School District" means the Graham Independent School District, being a duly authorized and operating independent school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant's Qualified Property or the Applicant's Qualified Investment.

"Final Termination Date" means December 31, 2023.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

"Land" shall have the meaning assigned to such term in Section 2.2.

"Maintain Viable Presence" means (i) the development, construction and operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered and (ii) the retention over the term of this Agreement of the number of New Jobs and Qualifying Jobs set forth Section 7.6 (d), (e) and (f) below through the Final Termination Date of this Agreement.

"M&O Amount" shall have the meaning assigned to such term in Section 3.2 of the Agreement.

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code § 45.002 and Article VII § 3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the Texas Education Code.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"New Jobs" means the total number of jobs, defined by 34 Tex. Admin. Code § 9.1051, which Applicant will create in connection with the project which is the subject of its Application. In accordance with the requirements of Tex. Tax Code § 313.024(d), Eighty Percent (80%), of all New Jobs created by Applicant on the project shall also be Qualifying Jobs, as defined below.

"Qualified Investment" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Jobs" means the number of New Jobs Applicant will create in connection with the project which is the subject of its Application, which meets the requirements of Tex. Tax Code 313.021(3).

"Qualified Property" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school

districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Time Period" means the period that begins on the date of approval of this Agreement by the District's Board of Trustees and ends on December 31st of the second Tax Year that begins after such date of approval as is defined in Texas Tax Code § 313.021(4)(A).

"Revenue Protection Amount" means the amount calculated pursuant to Section 3.2 of this Agreement.

"State" means the State of Texas.

"Substantive Document" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Tax Code, Chapter 313. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the comptroller as required under this subchapter, and any application requesting school tax credits under Tax Code, §313.103.

"Tax Credit" means the tax credit, either to be paid by the District to Applicant, or to be applied against any taxes that the school district imposes in Qualified Property, as computed under the provisions of Subchapter D of the Act, and rules adopted by the Comptroller and/or the Texas Education Agency, provided that Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Texas Tax Code § 313.103 and the duly adopted administrative rules.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code § 313.054. That is, for each of the eight (8) Tax Years 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Ten Million Dollars (\$10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §313.022(b) or §313.052.

"Tax Year" shall have the meaning assigned to such term in Section 1.04(13) of the Texas Tax Code (*i.e.*, the calendar year).

"Taxable Value" shall have the meaning assigned to such term in Section 1.04(10) of the Texas Tax Code.

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code, together with any court or administrative decisions interpreting same.

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 311 or 312 of the Texas Tax Code. The legal description of the reinvestment zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes ("Applicant's Qualified Investment"). Qualified Investment shall be that property, described in **EXHIBIT 3** which is placed in service under the terms of the Application, during the Qualifying Time Period described in Section 1.2, above. Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to Applicant's Qualified Investment, together with the land described in **EXHIBIT 2** which is owned by Applicant and is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this

Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

Property owned by Applicant which is not described on **EXHIBIT 3** may not be considered to be Qualified Property unless the Applicant:

- (a.) submits to the school district and the Comptroller a written request to add property to the limitation agreement, which request shall include a specific description of the additional property to which the applicant requests that the limitation apply;
- (b.) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c.) provides any additional information reasonably requested by the District or the Comptroller necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Section 2.4. APPLICANT'S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY

At the end of the Qualifying Time Period; at any other time when there is a material change in the Qualified Property located on the land described in **Exhibit 2**; or, upon a reasonable request of the District, the Comptroller, or the Appraisal District, Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Qualified Property to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to the agreement;

Section 2.5. QUALIFYING USE

The Applicant's Qualified Investment described above in Section 2.3 qualifies for a tax limitation agreement under Texas Tax Code § 313.024(b)(5) as a renewable energy electric generation facility.

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as Applicant makes a Qualified Investment in the amount Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Ten Million Dollars (\$10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §313.022(b) or §313.052.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Tex. Tax Code, §§313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article IV. Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District.

Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O Amount owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

- i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & operations tax.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%)
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors.

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- a. all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of Applicant, any applicable tax credit to which Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District

does not receive reimbursement from the State pursuant to Texas Educ. Code § 42.2515, or other similar or successor statute.

- b. all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project. The company may contest the amounts certified by the District's external auditor under provisions of Section 3.8.
- c. any other loss of District revenues which are, or may be attributable to the payment by Applicant to or on behalf any other third party beneficiary.

Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

Section 3.5. DATA USED FOR CALCULATIONS

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Young County Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Young County Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and

fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of three (3) years after payment. The Applicant shall not be liable for any of Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment of any total expenses under this Section in excess of Seven Thousand Five Hundred Dollars (\$7,500.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Section 3.3(b), 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within fifteen (15) days of receipt of the certification. Within fifteen (15) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Graham Independent School District Board of Trustees within fifteen (15) days of the final determination of certification containing the calculations.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

In the event that, at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, Applicant has appealed the taxable values placed by the County Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values placed upon the Qualified Property by the County Appraisal District.

In the event that the result of an appraisal appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of a new value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or

years. In the event the new calculations result in the change of any amount payable by the Applicant under this Agreement, the party from whom the adjustment is payable shall remit such amounts to the counter-party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

ARTICLE IV

SUPPLEMENTAL PAYMENTS

Section 4.1. AMOUNTS EXCLUSIVE OF INDEMNITY AMOUNTS

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article IV. Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Tex. Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1, and that all payments under Article IV are subject to the separate limitations contained in Section 4.4.

Section 4.2. SUPPLEMENTAL PAYMENTS TO THE DISTRICT

- (a) For each of years three (Tax Year 2013) through thirteen (Tax Year 2023) of this Agreement, the District shall be entitled to receive as Supplemental Payments an amount equal to forty percent (40%) of the net tax benefit received by the Applicant as a result of this Agreement.

- (b) For purposes of Section 4.2(a), the net tax benefit shall be calculated for each of years three (Tax Year 2013) through thirteen (Tax Year 2023) of this Agreement by determining for such Tax Year (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such Tax Year if this Agreement had not been entered into by the Parties, (ii) adding to the amount determined under clause (i) any Tax Credit received by the Applicant for such Tax Year, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for such Tax Year, plus (B) any payments due to the District under Article III for such Tax Year. The remainder (which shall not be less than zero) shall be the net tax benefit, to be divided as provided in Section 4.2(a).
- (c) The net tax benefit shall be calculated by the Third Party selected pursuant to Section 3.4.
- (d) The net tax benefit calculations shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.
- (e) Payment of amounts due under this Section 4.2 shall be made at the time set forth in Section 3.7.

Section 4.3. RECALCULATION OF SUPPLEMENTAL PAYMENTS

The Parties agree that the Supplemental Payment amount set forth in Section 4.2 will initially be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made based upon assumptions of student counts, tax collections, and other applicable data. For each of years three (Tax Year 2013) through thirteen (Tax Year 2023) of this Agreement, the Parties shall adjust the Supplemental Payment based upon the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Plus,

Any Tax Credit received by the Applicant with respect to such Tax Year;

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.40;

Minus,

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

Section 4.4. AGGREGATE LIMITATION ON SUPPLEMENTAL PAYMENTS TO THE DISTRICT

Pursuant to the provisions of Tex. Tax Code § 313.027(i), for each year of this Agreement, beginning with year one (Tax Year 2011) and continuing thereafter through year thirteen (Tax Year 2023), the District, or its Successor Beneficiary should one be designated under Section 4.5, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceeds the Aggregate Limit defined in Section 1.3 above.

Section 4.5. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, direct that Applicant's payment obligations under this Article IV be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote in conformance with the provisions of

Section 6.1, below. Such designation may be rescinded by the District's Board of Trustees, by Board action, at any time.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limitation on Supplemental payments described in Section 4.4, above.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2013 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 3.4, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Section 4.2 with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. Upon such termination this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

The Applicant shall be entitled to tax credits from the District under and in accordance with the provisions of Subchapter D of the Act and Comptroller Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed Application under Section 313.103 of the Texas Tax Code and Comptroller Rules.

Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and Comptroller Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code and either Comptroller and/or Texas Education Agency Rules.

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If after the Applicant has actually received the benefit of a tax credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code § 42.2515 or other similar or successor statute with respect to all or any portion of such tax credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such tax credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment, thirty (30) days past due from the date of the reimbursement claim, shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a tax credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise

under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Young County Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code Section 22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Young County Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Texas Comptroller of Public Accounts under the provisions of Texas Tax Code § 313.032. Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of the Agreement;
- (b) it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure (as hereinafter defined), provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (c) it will meet minimum eligibility requirements under Tax Code, Chapter 313 throughout the value limitation and tax-credit settle-up periods.

Section 7.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.4 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute.

Section 7.6 MATERIAL BREACH OF AGREEMENT

Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

- (a.) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application as is required by Section 8.13, below.
- (b.) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c.) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d.) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain on Schedule C, Column C of its Application.
- (e.) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain on Schedule C, Column E of its Application.
- (f.) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created by Applicant on the project as Qualifying Jobs.
- (g.) Applicant makes any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Tex. Tax Code, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 are not barred by this provision.
- (h.) Applicant fails to comply with any other term of this Agreement, or Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Texas Economic Development Act.

Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH

In accordance with the provisions of Tex. Tax Code § 313.0275, for any full tax year which commences after the project has become operational, Applicant shall may cure the Material Breaches of this Agreement, defined in Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for the particular Tax Year of non-

compliance only, Applicant may make the liquidated damages payment required by Tex. Tax Code § 313.0275(b), in accordance with the provisions of Tex. Tax Code § 313.0275(c).

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committed a material breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination.").

Section 7.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's determination of breach under Section 7.8, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a

mediator shall be selected by the senior state district court judge then residing in Young County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code § 33.07 to the attorneys representing the District pursuant to Texas Tax Code § 6.30.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.10. LIMITATION OF OTHER DAMAGES

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

The Parties further agree that the limitation of damages and remedies set forth in this Section 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.11. BINDING ON SUCCESSORS

In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

Notices to the District shall be addressed to the District's Authorized Representative as follows:

Superintendent Dr. Beau Rees
GRAHAM INDEPENDENT SCHOOL DISTRICT
400 Third Street
Graham, Texas 76450-0000
Fax (940) 549- 8656

or at such other address or to such other facsimile transmission number and to the attention of such other person as the District may designate by written notice to the Applicant.

Notices to the Applicant shall be addressed to:

Senate Wind, LLC
9600 Great Hills Trail, Suite 330 W
Austin, Texas 78759-0000
Fax: (512) _____
E-mail: _____

or at such other address or to such other facsimile transmission number and to the attention of such other person as the Applicant may designate by written notice to the District.

Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the District's Board of Trustees,

- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the termination in full date established in Section 1.2 of this Agreement.
- (c) In the event that Applicant fails to make a Qualified Investment in the amount of Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2012.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional property. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

Section 8.4. ASSIGNMENT

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contract information for the owner of the property subject to the limitation agreement for the purposes of Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5. MERGER

This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence,

and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Young County Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7. GOVERNING LAW

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Young County, Texas.

Section 8.8. AUTHORITY TO EXECUTE AGREEMENT

Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 8.9. SEVERABILITY

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 8.10. PAYMENT OF EXPENSES

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 8.11. INTERPRETATION

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase ", but not limited to;". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12. EXECUTION OF COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. Applicant warrants that all information, facts, and representations contained therein are true and correct. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, the Agreement shall be invalid and void except for the enforcement of the provisions required by 34. Tex. Admin. Code § 9.1053(f)(2)(K).

Section 8.14. PUBLICATION OF DOCUMENTS

The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project

submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Tex. Tax Code § 313.103, as follows:

- a. Within seven days of such document, the school district shall submit a copy to the Comptroller for Publication on the Comptroller's Internet website.
- b. District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- c. This Section does not require the Publication of information that is confidential under Tex. Tax Code § 313.028.

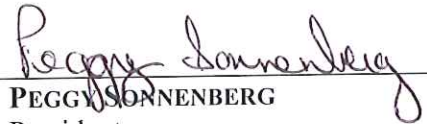
IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 16th day of ~~October~~ November 2010.

SENATE WIND LLC.

GRAHAM INDEPENDENT SCHOOL DISTRICT

By: 
Its Authorized Representative

Name: Victor Contract
Title: Secretary

By: 
PEGGY SONNENBERG
President
Board of Trustees

ATTEST:

MEREDITH LUCAS
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Graham Independent School District Reinvestment Zone* was originally created on November 16, 2010 by action of the Graham Independent School District Board of Trustees. A map of the *Graham Independent School District Reinvestment Zone* is attached as the last page of this **EXHIBIT 1**.

As a result of the action of the Graham Independent School District Board of Trustees, the *Graham Independent School District Reinvestment Zone* includes real property within Young County, Texas, more specifically the following property and tracks.

- Tex. Emigration & Land Co., Abstract 1157
- Tex. Emigration & Land Co., Abstract 1137
- Tex. Emigration & Land Co., Abstract 1143
- Tex. Emigration & Land Co., Abstract 1144
- Tex. Emigration & Land Co., Abstract 1153
- Tex. Emigration & Land Co., Abstract 1157
- Tex. Emigration & Land Co., Abstract 1158
- Tex. Emigration & Land Co., Abstract 1159
- Tex. Emigration & Land Co., Abstract 1160
- G&B Nav. Co., Abstract 113
- G&B Nav. Co., Abstract 2051

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by Applicant and located within the boundaries of both the Graham Independent School District and *Graham Independent School District Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of Applicant located in the following sections of land is included, to wit:

- Tex. Emigration & Land Co., Abstract 1157
- Tex. Emigration & Land Co., Abstract 1137
- Tex. Emigration & Land Co., Abstract 1143
- Tex. Emigration & Land Co., Abstract 1144
- Tex. Emigration & Land Co., Abstract 1153
- Tex. Emigration & Land Co., Abstract 1157
- Tex. Emigration & Land Co., Abstract 1158
- Tex. Emigration & Land Co., Abstract 1159
- Tex. Emigration & Land Co., Abstract 1160
- G&B Nav. Co., Abstract 113
- G&B Nav. Co., Abstract 2051

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The proposed project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The property will include, but is not limited to, the following: up to approximately 12 – 2.0 megawatt wind power turbine generators; or equivalent; a reinforced concrete slab supporting the weight of each turbine tower; equipment and towers used to gather meteorological data; buried and overhead electrical conductor cables (including poles) used to transport electricity from each turbine tower to an electrical substation; the electrical substation and electrical conductor cables used to transport electricity off of the project site; one or more buildings used to hold maintenance supplies, replacement parts, and related equipment; and various appurtenant equipment and small items related to the above. All of the property for which the Applicant is seeking a limitation on appraised value will be owned by the Applicant or a valid assignee pursuant to this Agreement. The facility will also require a relatively insubstantial amount of personal property.